Daily Report

Latin America

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Cuba

Cuba: Castro Says Flotilla Group's Arguments 'Laughable'

PA0205151796 Havana PRENSA LATINA in Spanish 1150 GMT 2 May 96

[FBIS Translated Text] Havana, 2 May (PL) — Cuban President Fidel Castro has described as laughable the arguments made by organizers of an anti-Cuban flotilla that sailed within 2 miles of the island's territorial limits yesterday.

When local reporters asked him about this incident, which occurred while millions of Cubans were marching throughout national territory to support the revolution, the head of state replied with another question: "Do you not find this to be laughable? The things they do are laughable."

The president had an exchange with Cuban reporters during a ceremony to decorate oustanding workers in the Protocol Room of the Council of State Building.

On 1 May, five vessels from Florida got within about 14 miles of the Cuban coast in a new act of arrogance disguised as an attempt to defend Cuban workers' rights.

As this was happening, the island's population was marking international labor day with parades in the country's main squares to support the current socialist project that Fidel Castro described as reactions to the recently promulgated Helms-Burton law that redoubled the U.S. blockade.

"I think that Helms and Burton are somewhat saddened, because as I stated (during the closure of the 17th Congress of the Cuban Workers Federation, CTC), they want pure socialism for us, they do not want foreign investment here," Castro said jokingly.

At the closure of the labor forum yesterday, the president of this Caribbean state condemned the anti-Cuban law approved in March that in his opinion reflects Washinton's weakness and lack of ethics and violates the sovereignty of all nations.

In closing the labor meeting, Fidel Castro denounced repeated, irresponsible, and arrogant maneuvers by "the revolution's enemies."

I hope, he warned, nobody will harbor the crazy idea of carrying out actions against Cuba, and he underscored his country does not wish to engage in war, but it does not want to be provoked either.

Cuba: Ministry Denies Nation Trained Mexican Guerrillas

PA0205231396 Havana PRENSA LATINA in Spanish 2155 GMT 2 May 96

[FBIS Translated Text] Havana, 2 May (PL) — The Cuban Foreign Relations Ministry today said that any allusion to the supposed guerrilla training of Mexican citizens on the island is completely false and groundless.

Marianela Ferriol, spokeswoman for the Cuban Foreign Ministry, told PRENSA LATINA that Cuba and Mexico maintain excellent bilateral relations, which have been consolidated throughout the years and which "could be marred in some way."

In denying reports of the alleged military training of Mexican guerrillas, which the foreign media have published in the last few days, the spokeswoman explained that "these are rhetorical statements made by those who betray themselves, history, and the Cuban people."

She added that "people who selfishly attempt to hinder the Cuban-Mexican ties with their betraying attitude" must not be heeded.

Ferriol pointed out that in exchange for playing the game of sectors interested in "discrediting Cuba, its history, its revolutionary process, and its international image, the job" of these types of individuals "is to distort the facts and tell lies to obtain financial guarantees."

Cuba: Castro Discusses Farm Prices With Delegate

PA0105173196 Havana Tele Rebelde Network in Spanish 0035 GMT 30 Apr 96

[Discussion between Cuban President Fidel Castro and delegate Salverio Reyes Verdecia, director of Santiago de Cuba's First Eastern Front Contingent operating in Ciego de Avila Province, at the 17th Cuban Workers Federation Congress in Havana on 29 April — recorded]

[FBIS Translated Text] [Reyes] [Begin recording] My name is Salverio Reyes Verdecia, First Eastern Front Contingent chief. I was the one who made a commitment to you at the forum to surpass the national production of Desiree potatoes. We, the workers of Desiree potatoes, which are potatoes that have the potential of yielding 5,000 quintals per caballeria, harvested 8,400 quintals per caballeria last year.

However, 1.2 caballerias had rotten potatoes, and we replanted them, following Raul's slogan that it could be done. Fourteen days later, we realized that they did not grow; we dug for them and found them to be rotten. We again tilled the land with oxen and replanted them. These potatoes gave us 8,516 quintals per caballeria

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without having harvested all of them. We still [words indistinct].

In order to harvest these potatoes, we used 15 metric tons of fertilizers per caballeria, using 10 oxen teams and five men per caballeria, five men per caballeria. A 4.18-caballeria farm only takes, at the most, 20 men for the little details. We achieved this production, and we still have to make a national count to determine if we earned the honor of being the country's best Desiree potato harvesters.

What we wanted to tell you first, Commander, is that we, Santiago de Cuba workers, are very pleased with your idea of having us sent to Ciego de Avila Province to produce for Santiago de Cuba. We have to say that we must congratulate our Commander Fidel a thousand times. It was a marvelous idea [passage indistinct] because we did not know we could do this, and now 1 million [words indistinct] next year, with everything that the Ministry Directorate has proposed and with the agricultural changes regarding a number of aspects.

We do not have to regard these achievements as being ours alone; we have to regard them as the result of the advice the entire ministry gave us. They no longer advise us on paper only; I am pleased paper ran out. They now go there and tell us do this and do that. They support us in these tasks.

On behalf of the Santiago de Cuba workers who are still there, we again congratulate you on this idea.

In addition, we want to talk about another problem, if you let us.

[Unidentified speaker] Finish, finish.

[Reyes] Look, it is a national problem. We take the cabbages and sell them at 3.5 cents; sweet potatoes, at 6.5 cents; potatoes, at 10 cents, and we pay 10.40 to each man daily. We pay 10.40 to each man for his work, the train, and everything we have to give him, and we are profitable. I was seeing all these problems with tourism and a number of men. I was seeing how these farmers markets sell tubers at such high prices, putting everybody in dire straits. [applause] Then, Commander...

[Unidentified speaker, interrupting] You...

[Reyes, interrupting] There are farmers — one moment, please. I know your words are worth much more than mine. There are farmers, there are farmers who ignore the times in which we are living, because they forget teachers, doctors, the union leaders themselves, and a number of comrades. [applause]

[Castro] Come on, comrades, male and female. I will never again make the mistake of saying a word that could cast a shadow of a doubt on someone.

[Reyes] Look, Commander. I have this to say. I am a producer. For the people's basket, we have handed over 92 percent of our production and have gone to the market with 8 percent, but we want a fair market. No cabbage can cost five pesos in Cuba. Not a single one. A five-peso cabbage must weigh about 20 pounds.

Not all revolutionary producers do that. There are exceptions. Comrades, we producers must try to lower prices in the agriculture markets through our production.

Even after handing over 92 percent to the people's basket, our work remains profitable. So why should we strive to make such an exaggerated profit at the expense of the poor? What about the millions of retired? What about the police officers who cannot get involved in this or that business. [laughs] Yes, they cannot get into trouble. [applause]

In addition, the labor union leaders themselves risk their lives while on foot. They do not have the time, and when they get home they have a problem because they run out of money. [laughs]

Consequently, it is the producers, not the government with its laws, who establish the conditions. The ministry has already adopted measures and told us that we have to use more with a specific percent and more cheaply. But this initiative must come out of the producers themselves, who must understand they will solve a problem of the people.

All of the land has been allocated either for cooperatives, peasants, or the law. The land is ours, and we have been using it in usufruct. So, why should we go to the market [words indistinct] bananas and squash. This has value. For this reason, I am calling on the comrades of the agriculture labor union, the new CTC leadership, all of the comrades here, and the ministry itself to increase agriculture to improve the situation of honest people. [applause; indistinct chanting]

[Castro] What is the comrade's name?

[Unidentified person] Salverio.

[Castro] Listen, Salverio. There is a detail you overlooked. That people of the [words indistinct] are instructors, I mean, professors at socialist instructors' schools. They teach us socialism. And sometimes we tend to forget about the nature of socialism and capitalism. That is capitalism. In this colossal battle we are engaged in with all that we have done, it is the socialists, working

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men and women like you, who should tell us what socialism promises and can do and what capitalism can promise and yield.

You can do this by struggling and marketing — you have explained how lettuce can be put at 25 cents on the retail market in Santa Clara — and producing and participating.

Of course, the problem is more complex. There are other things that are not easy to produce. Production must come first. We achieved what we did because we had sufficient resources to produce poultry and eggs. Eggs are sold at free prices. How long was the price of eggs restricted in the country? We had the baskets and could buy the raw materials. We produced eggs with very satisfactory results. For instance, the price of a pound of poultry weighing less than 3 kilograms.

As for eggs, we could not establish the price of a pound of poultry as before. But the price of eggs was subject to supply and demand for many years. We produced them on farms. We guaranteed the number of people we were able to give milk to, children in particular. Even so we had to import it because it was insufficient. The amount required was huge, because we had to take into consideration pregnant women and children up to seven years old. Another portion went to children [words indistinct] and yet the amount available was not enough. We had to import. But the children grew up. A ration of milk was guaranteed for all.

In addition, our production of pork increased. It is true that, unfortunately, we are still missing many things. But we became efficient at some production, like that of poultry, on a nearly world basis. Something similar happens with the conversion of fodder into poultry, eggs, milk. [Words indistinct]

This is the great feat of the people. Speaking of some of the things that did not exist before. Something like 25 or 30 pounds of [words indistinct] Santiago ceased to be the sole Oriente province that supplied [words indistinct].

This is why I say the problem is a little more complex. We will have to develop other resources and sources of income.

We have not lost hope of developing [words indistinct] the blockades [words indistinct] blockades [words indistinct] the security of the country by the imperialists. They intensified the blockade. Let us observe that we are giving an account of the positive efforts, of the achievements in recent times. Then they slammed the Helms-Burton law on us.

Once again we have to see if Jose Luis's calculations will have to [words indistinct] that law. [indistinct words] credits of the academy, the tobacco credits, or the credits for rice, for many things that [words indistinct] to which we have justifiably become used.

Experimenting [words indistinct] which are being discussed here, being proposed here, is precisely a road to a solution to all this. The difficult things we have seen, the very difficult things which we have had no other choice but to see. What you said today, and the examples you gave us, has taught us what capitalism is.

After so many dramatic things have occurred — the intensification of the blockade, and a further intensification of the blockade with the law of which we spoke — it is fabulous, it is incredible, to be able to say that there is no child under seven years of age that does not have a liter of milk.

Our Peruvian friend stirred us when he spoke about neo-liberalism, its philosophy, [words indistinct] the workers.

With all that, I do not know if there is any country in the Third World, including in Latin America [words indistinct] that every child under seven years of age still receives... [pauses] Even under these conditions, the revolution has maintained a liter of milk. [words indistinct] without merit [words indistinct] tips here and there, to industry, to the merchant marine, millions for public health [word indistinct]. That can only be received through socialism. [applause]

Only a united country, a revolutionary country, [words indistinct] that united country that is divided into 10 pieces, a 100 pieces.

Whenever I read in the newspapers that Russia, I believe, has 86 political parties registered for these elections, and I do not know how many other [words indistinct] candidates. Could you imagine this congress with 87 political parties? Can you imagine [words indistinct] a minority. If we could do something, but not on our knees. Socialism has kept our people's feet firmly planted. Imagine 87 groups, each one expounding a theory. Ramon would describe it in his criticism... [recording ends in progress]

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Cuba: Pedro Ross Discusses Las Tunas UBPC at CTC Congress

PA0205145396 Havana Radio Rebelde Network in Spanish 1700 GMT 30 Apr 96

[Report by Margarita Torres at the Convention Center; from the "National Radio News" newscast]

[FBIS Translated Text] Improvement in the cattle sector was one of the issues discussed during the morning session of the Cuban Workers Federation [CTC] Congress, presided over by the commander in chief and Pedro Ross.

Arnaldo Ramirez, who moved from the city to the Mal Tiempo Basic Cooperative Production Unit [UBPC] in Las Tunas province, talked about his experience in the recovery of 107 caballerias which were covered by marabou weed. He accomplished the job with 56 young students, whom he trained to solve the problem by using 13 bicycles for transportation, and above all, with love.

With the language typical of a farmer, Arnaldo stated that they also saved 200 cattle, 60 with calves, and built a rustic dairy farm. Arnaldo reported that the Mal Tiempo UBPC in Las Tunas produced 127,900 liters of milk in 1995, which made it possible to supply milk to the town of Guayabal. In addition, the UBPC is currently working to produce vegetables.

Pedro Ross held a conversation with Arnaldo:

[Begin recording] [Ross] Arnaldo, you have demonstrated to us that things can be done with will, intelligence, and diligence.

[Ramirez] I would like to say that transportation was very bad, and it is not easy to walk 17 km daily. I had a good house in Amancio. But then I moved to the UBPC and persuaded the budget officer and party's secretary to move there as well.

[Ross] How many workers does the UBPC have now?

[Ramirez] There were 56 workers; however, we had to add 20 more due to the increased workload. We will have four dairy farms, after we open one dairy farm for every 10 caballerias cleared of marabou.

[Ross] Do you already have 20 new workers?

[Ramirez] Yes, I have them.

[Ross] What is their average age, excluding yourself and the old budget officer?

[Ramirez] The oldest is 28 years old. I am already old, over 40 now.

[Ross] How many houses do you have available?

[Ramirez] We have 12 houses, and five more are being built. They are rustic, made of thatch and wood, but have cement floors. [end recording]

Arnaldo Ramirez's report on the Mal Tiempo UBPC in Las Tunas shows that men can overcome any difficulties when they wish to solve problems.

Cuba: Castro Speaks at Closing of 17th CTC Congress

PA0205230796 Havana Radio and Television Networks in Spanish 0100 GMT 1 May 96

[Speech by Cuban President Fidel Castro closing the 17th Cuban Workers Federation, CTC, Congress at the Conventions Palace in Havana — live relay]

[FBIS Translated Text] Ross [secretary general of the Cuban Workers Federation], I am really grateful for these demonstrations of affection, but I protest for all of it [laughter]. Distinguished guests, comrades: It not really that easy, and I wonder if you can hear me over there? [crowd shouts: "Yes, we can"] It is not really that easy, to close a congress like this one at a time like this, under circumstances as complex as the ones we are experiencing. For anyone, however, it is a big honor to be granted this privilege, because I think this is one of the best congresses I have seen. First of all, this is a political congress, as stated the first day. A revolutionary congress. An ideological congress.

Very accurate and profound things were uttered when someone said here this was not a congress for workers seeking a share of power or seeking power, but rather a congress of workers who hold power. We have learned many things over the years of an intense revolutionary struggle, but we have learned new things here. That same impression of what the people who hold power is... [pauses] This had never been seen before as clearly and as importantly. At least that is how it is for me, how I have seen it in this congress. It is not just that workers hold power, but also that they have been holding power for 37 years. They live and express the work accomplished in those years. We have seen a few workers' congresses. The numbers say so. So many workers with university degrees, so many with technical degrees, and so many other things that can be said except one: Not one illiterate person; not one person who does not know what he is doing and why. Only under these circumstances can something as moving and encouraging as this congress be achieved. This congress also gathers the years of accumulated experience. This was said from the first day. As someone rightly said, this is not a four-day congress, it is a year-long congress. In one year, Cuban unions worked day in and day out in a truly admirable manner to hold this event. It is not that

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they came back from a vacation, because during this special period you have had to participate in activities and a process of the utmost importance, in very hard tasks, as part of this great battle for the survival of the revolution and the fatherland. First, there were the labor assemblies. One cannot forget that we were having to resolve problems that were practically unsolvable. How could it be done by a country that was suddenly left alone, that lost everything overnight — markets, raw materials, fertilizers, fuel, loans, a country also being blockaded and morally beaten? It was a big blow to all of us to see our erstwhile allies in the struggle collapsing while the empire emerged stronger, wealthier, and with greater influence than ever. In that task we had the sacred duty to defend many sacred things. We had to defend the fatherland, the history of the country, the revolution, independence, dignity, and even the life of the country. Can any of you conceive life without the revolution? [Crowd shouts: No!"] Can the millions and millions of patriots who have fought for so long conceive life without the revolution? [Crowd shouts: "No!"] Therefore, even the life of a nation was at stake in the unipolar world in a small island without large rivers, without fuel, without major natural resources, and neighboring someone who was not easily resigning himself to the existence of this country, the courage of this country, the defiance of this country, and the victories of this country, and never renounced to the destruction of the revolution and its work. Every day, there are news reports, especially when archives or documents are published, of all the many things they did to harm us.

This nation has had to face the taming of not one tiger, not two tigers, not three tigers, but the taming of 1,000 tigers. Someone once said that it was a paper tiger, and it is, from a strategic point of view, because some day it will cease being the world's owner. For a small nation that has had to fight every day, beginning on 1 January [1959], against this monstrous force, it is the same as having to tame the beast we do not know how many times. I believe that even though, deep down, they are arrogant and imperious and tend to scorn others, they cannot scorn this country and people. However, we will undoubtedly continue to play our role as tamers for many years.

And I think the upcoming tamers, male and female, like the child I met today, or perhaps Vilma's granddaughter — she turned out to be a granddaughter after all [applause] — can be better tamers than us. This is our hope. And this hope is strengthened when we have a chance to participate in an event like this one.

We do not know how many measures they have taken in these long years. We are certain and have the most profound conviction that they have resorted to even bacteriological wars against our country, wars that have adversely affected plants, animals, and people.

How much it must hurt them that in this congress we talked about a child mortality rate of less than 10 percent, and even less than 9 percent, after at least five years of special period in times of peace! How much it must hurt them the news that life expectancy has increased and that, despite the shortage of resources and medicines, our doctors attain higher and higher achievements! How could they compare this Cuban miracle with what we know happens in the rest of the world, particularly in Latin America? They have tried to destroy this country and have even accused it of human rights violations, although the lives of approximately 1,000,000 children and youths have been saved through the work of the revolution.

This reduced child mortality rate in the first year of life from 60 to less than 10 percent means that the lives of hundreds of thousands of children have been saved. To this we must add the hundreds of thousands of children more than one year old whose lives have also been saved, the persons whose lives were saved by the revolution, and the increased life expectancy by approximately 20 years. And they endorsed all the bloody governments that made tens of thousands — some say hundreds of thousands — disappear. There are countries, such as Guatemala and in South America, where more than 100,000 disappeared after their intervention with their weapons and instructors. They are experts in torture and the application of inconceivable methods that they learned in the war against Vietnam, methods they transmitted to the repressive forces in Latin America so there could not be another Cuban revolution.

They did not care if 100 children died every year. The rate in some countries was higher, much higher. It can be said that, if we have the right to say we have saved the lives of hundreds of thousands of children, we can also say that tens of millions of children died in Latin America thanks to the imperialist policy during the years of the Cuban revolution. Although that cause ceased, they continue to die because their living conditions get worse all the time, with both old and new diseases.

To destroy this and advance that, or destroy this and defend that; can a moral comparison be made between the socialism that we have been building with so much unselfishness and heroism and the imperialism and capitalism they represent? All this must hurt them badly, like the things that take place in many other places of the world, this unipolar world. Recently, all of you read that a number of people got sick in the United Kingdom with a disease that affects the brain. This disease is more

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or less familiar, and affects other species as well, like sheep. The disease is caused by a type of molecule, not to use a technical name, and some times affects humans, as well as sheep and cattle.

There are common things, and as a number of [words indistinct] takes place, young people... [pauses] panic spread throughout Europe and almost the entire world. There is talk about sacrificing millions of cows only because of a theory. In this same period, as the first news on this disease in the United Kingdom arrived, approximately 8,000 to 10,000 people had died of meningitis in eastern, pardon me, western Africa [words indistinct] without medical attention. What would happen in Europe if 8,000 to 10,000 die of a disease in a few weeks? However, people practically do not talk about it. The world has been immersed in such a selfish situation, such lack of solidarity, these things can happen. This is how diseases such as AIDS and others — cholera and tuberculosis associated with all these AIDS cases — are spreading. There are terrible problems, but they could not care less.

How they suffer when they think that, despite their long-lasting blockade, the fall of the socialist world, and the special period — as I was saying yesterday — we have been able to guarantee, in one way or another, a liter of milk to all children under the age of seven and yogurt, lots of yogurt to children between seven and 12 at affordable prices, at prices absolutely affordable to the people! How they would suffer if they could hear the story that a comrade from southern Camaguey Province was telling us about the manner in which he created an UBPC [Basic Cooperative Production Unit]. Well, they said it was in Amancio. Thank you very much. Well, I believe it belonged to Camaguey a long time ago. [laughs] It now belongs to Las Tunas Province; I hope they do not take it away.

There is hatred; they said respect, not scorn. But there is hatred against this country. They believed it would collapse on the fourth day after the socialist world and the Soviet Union collapsed. They saw that years ago, and it does not collapse; exactly the opposite is true, without exaggerating. Exactly the opposite is true, without exaggerating. We are beginning to move forward; we are moving forward. It has to be truly unbearable. They make up laws and measures such as the Torricelli law, because they want to destroy us from within or starve us or [words indistinct] economics. There are even crazy people who also think about destroying us by force, without any sense of responsibility. The mess [avispero], which is not only in Cuba, but I am certain it is continental, will continue if the crazy idea of military actions against our country would some day become a reality.

They made up a law, a blockade, measures after measures, a great deal of pressure on the world, without completely giving up on the obsessive idea of annihilating the revolution. All this certainly makes us think, helps us explain the reasons, especially now that they are haughtier and more arrogant than ever before, more irresponsible than ever before. They do not resign themselves to what they will some day have to resign themselves. This feeling by our workers and people has been firmly and patriotically voiced here with a resolve to fight and work, with a major understanding of the historical threat that our country has experienced and is experiencing and the difficult battle it must wage. All this was voiced at the Congress. The clear ideas that Ross voiced received your unanimous support. These ideas, which had been discussed at the workplace and which had been supported at the assemblies, proclaim that what we are doing is socialism, that what we want is socialism, and that what we defend is socialism. [applause]

So that none one will ever have a doubt... [unidentified attendant shouts Up with Socialist Cuba! Crowd chants Viva!] This is socialist Cuba we are defending, this is people's power we are defending, these are revolutionary works we are defending, because I concur with what a comrade said on the afternoon of 30 April that the revolution was precisely the first accomplishment. We say a revolutionary accomplishment, and among these accomplishments, we must defend the first one.

This revolutionary resolve was voiced here today as never before. How much we have recovered — morally, politically, and consciously speaking — from that overwhelming blow we sustained five to six years ago while proving — I am making another big allusion — that our country, as a boxing champion, has a hard, very hard stamina, no one can knock it out! [applause] [one-minute break in reception] material [words indistinct] but this Congress has also been a congress of very high economic and social significance. In this one-year process, we have discussed everything and we have examined everything. It is a significant problem [one-minute break in reception] throughout the island to determine how the harvest and the recovery were coming along — first, the sugarcane recovery, the planting and cleaning, the harvest, everything. Many ideas have been examined; a great deal of knowledge has been acquired, and a spirit has been instilled — the spirit with which our people worked during the period comprising the last six to seven months or more, from June or July, while planting, cleaning, constantly mobilizing as part of this task. It is a spirit that had not been seen for a long time, at least not to such a high degree.

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There is a spirit with which workers have reacted during the harvest, which is a harvest that still faces many difficulties that piled up during previous years, such as sugarcane fields that had not been cut in four or five years. Not even the best sugar combines could cut them. Men and women have been cutting sugarcane in this difficult harvest. This battle is not won in a single day.

We had countless machines missing parts, we had no spare parts in stock, we had combines that had not been repaired in years, we had no steel for the sugar mills, we could not purchase motors or replace motors. We have earned the resources because we have resisted, because the revolution did not crumble on the third day, and men began to gain confidence in Cuba and Cuba's capacity to struggle and resist; and resources began to appear. In the beginning we could not even think about getting financing for the tobacco, financing for the sugarcane, financing for the rice, and financing for new products. We are talking about getting a considerable sum, quite an amount of funds, although we must truly pay dearly for this. We have to pay higher interests. No country in the world has to pay the interests we pay. Hence, the need for financing. This is a result of the blockade and the pressures, circumstances we must pay for in each of the measures adopted to obtain resources, but they allow us to do this.

This is how we began to increase the production, with minimum resources, but see what is done today with a ton of fuel, a ton of steel. With the machinery we have now we do three times as much as we did before. However, we have earned those opportunities, those possibilities, with our fortitude and our resistance; and this exasperates them, because they have spent hundreds of thousands of millions, they have loaned, they have donated, and they have given away in other countries, yet the production dropped, and dropped, and dropped.

We had to withstand everything, even a complete shortage of everything — fuel, raw materials for the textile industry and mechanical industry, for numerous productions. Whole factories, entire thermoelectric plants ground to a halt because they had no electricity or the materials to repair them, or enough fuel to cover minimum needs. How many factories have ground to halt in the country! There were no raw materials for the production of milk, beef, eggs — in other words, everything — even the fodder that our country imported.

In the transportation sector we had to see how almost 30,000 trips per day in Havana were reduced to 6,000 or 7,000 trips. The country had to purchase or manufacture 2 million bicycles to solve the transportation problem of the workers, students, and people who had to move around — 2 million bicycles! And we had to improvise bicycle factories, as it was seen yesterday, and seek all kinds of solutions. There was a shortage of raw materials to manufacture shoes, clothes, everything.

It was hard to envision such a blow to the material sector. See how factories that had ground to a stand still started again, how raw materials began to appear, how the mechanical industry picked up, how the nickel industry picked up, how the sugarcane production picked up, how the food production picked up, how the transportation sector does miracles. Yesterday we were told about contributions from the transportation sector, its expenses and the contributions it currently makes, practically incredible, and the fact that 60 million in foreign currency are being requested for medicine. See how scientists, researchers, and efficiency experts have worked, seeking all kinds of solutions — from medicine to mechanisms, spare parts, etc.

All these are visible things. Nevertheless, there is one thing that draws my attention most of all: The people's reaction, how they evolved from the most critical moments of intensive physical therapy to the encouragingly healthy condition that is perceived nowadays; what people have learned and how the idea of economic efficiency has taken hold. This is one of the most important and decisive results of this congress. All of the controls, savings, efficiency, cutting of losses, increase in profits and earnings, and the struggle for the enterprises' earnings that are now perceived; the tremendous struggle being waged to save a factory and prevent its closure, given its economic and social importance; the spirit of studying everything — all the processes called the streamlining of the work force and the famous word you use, the redesigning of a factory, these are the most important results of this congress.

We can talk about all that without shame or embarrassment given the way we have done it. We were here, alone, when all that I have mentioned happened. When I say alone I do not include sympathizers, mass organizations, labor groups, political groups, and all kinds of groups that amply stated their solidarity and sympathy toward Cuba. We were alone as a country against the situation. I do not think that has occurred in any other country, at any other time, or at any other phase in history. How we have countered the problems. It was the opposite of what is done everywhere and what is advised everywhere — the World Bank, the IMF, the United States. All those theories of neo-liberalism that you know about, all those practices — throw out tens of millions of workers into the streets, close schools, close hospitals, cancel essential public services without consulting with anyone, without talking with anyone.

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It could be said that all through the special period in times of peace no measures were adopted without first consulting the people, all the people, and workers in particular. This has been a lengthy process, which has taken us from the former stage to the present one. And we have had to adapt ourselves to unpleasant realities that make us suffer, as a patient suffers in intensive care or throughout a serious crisis. In addition, we have had to resign ourselves to many things which our minds had refused to accept. Our minds had been educated in a spirit of [words indistinct] fairness and equal opportunities for all, a situation we enjoyed for a number of years in the stage in which the world was at the time.

Ramon [not further identified] and others have spoken about a mental block. But we had a number of things, even many good things, in our minds. This people's solidarity spirit, generosity, willingness to help and give, and love for justice are unparalleled. This is the communist spirit of our people. We had a communist spirit but without an economy to make communism possible. This is why it was always stated that socialism was one thing, and communism was something else. Now we are applying socialist ideas much more consistently. There was idealism before, too, as well as possibilities and resources. There were so many resources that they were often squandered. But the people create a spirit of equality and justice. They are aware of their rights as citizens and men.

The revolution never failed in its zeal to help the people to the utmost and do everything possible for every one. The revolution achieved all of the things we have mentioned, things that have not been achieved by any other Third World people or many peoples for that matter. From a social viewpoint, the things we were able to accomplish were not pulled off by almost any other people. I cannot overlook the fact that Vietnam, the PRC, and other countries made enormous efforts under difficult circumstances, as we did. But, what capitalist country has attained our level of social security and justice? Or the respect for the people we have attained in our country? Of course, certain very rich countries, which became rich at the expense of the nondevelopment of the rest of the world as a general rule, had so much money at their disposal and were so afraid of communism and socialism that they tried to redistribute their available resources. That was before. Now the Cold War is over, the socialist bloc collapsed, and now measures come and go without any consideration whatsoever. Capitalists and imperialists exaggerate neo-liberal measures to such an extent that even the IMF speaks of social development. And this is because they see that the world is becoming like a volcano and that the situation is becoming untenable.

These feelings are voiced by our visitors when they speak. They begin to be fearful again, fearful of social outbreaks, explosions and chaos. A fear they had lost when they thought injustice could be perpetrated with unprecedented freedom in the world. They have become so frightened that the IMF, the World Bank, and other institutions are saying it is necessary to allocate something to social development. But neo-liberalism, the globalization of the economy, hegemonic policies, and monopoly over all resources are incompatible with any social development measure. To tell the truth, no one knows what happens with the money that these institutions intend to allocate for social development. In addition, a wave of corruption has spread in the world to such an extent that it now includes not only Latin American countries and African countries, as it used to be said before, but European and developed countries.

Just as the waves of violence and drug consumption have spread, so have the measures to balance the budget, and reduce workers' pensions, public health expenses, and payments for the retired and the elderly. This problem can be observed in Europe to a large extent. At all costs, they want to balance their budgets, even at the expense of social benefits. In the United States, there is a tremendous wave of measures against social benefits for the North American people, measures that work to the detriment of the retired, the elderly, and the sick. They are wiping out everything that smells like progress [words indistinct] impose a savage, merciless capitalism with a fanatical faith in that a market economy can solve everything.

This is why they no longer have the euphoria and hope that they had five years ago. Now they are worried because they do not know what will happen. This differs a lot from what happened in Cuba during the special period in times of peace. What a difference in the procedures to adopt measures! Many and hard measures had to be adopted. Someone who participated [in the Congress] on behalf of foreign delegations remarked on the way in which a few people meet and adopt certain measures, and later apply them mercilessly and at all costs, with the mounted police on the streets, tear gas, police patrol cars, as we can see from the foreign newscasts aired on television every day.

This is what happens. And this is how measures are imposed. What a difference with the procedures used by the revolution to solve extremely difficult situations! First of all, no one was left on the street. And the workers of plants that shut down continued to collect, if not 100 percent, at least a considerable part of their

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salaries. It was at least sufficient to buy a few things. No one was left on the street. And, of course, the financial situation that ensued was very difficult. If people do not go out to the streets [words indistinct] and this increased tremendously the amount of money in circulation. This was inevitable. This is the only way they do [words indistinct] the people are left on the street and there are millions of homeless people. A revolution does not and cannot do such a thing.

Doing this would not only be, let us say, counterrevolutionary or at least stupid. Any revolution, let alone this one, could not take this type of measures. Not one of us was willing to take this type of measures at a time when we had many advisers of all types here. We remained firm; we did things as we thought they should have been done. Things were discussed at the National Assembly, in the streets. Things were again discussed at the National Assembly and the streets. All the [words indistinct] the economic openings, the joint enterprises, and all the set of activities we have carried out to face the situation in the manner we thought it was the right way to face it. There were measures of all types.

The financial situation had reached a stage that was going nowhere. There were 12 billion pesos in the streets, and at a time when we needed to work more than ever, many people stopped working, because one's money was enough to meet the needs of many. At a time when we needed to work, there were people who left their posts here and there. All this happened during the transportation, the transportation crisis. There were terrible things [6-second break in recording] and we started winning the battle by implementing these revolutionary and democratic methods, and we started reducing the circulating money. Remember how many measures we discussed, how many measures we had to take, how many millions of people voiced their opinions, and how we definitely took the measures that had been discussed and that had been approved in a broad consensus. Some of these measures were harsh, but not on food; they were harsh on cigars and alcoholic beverages. Free services were suspended. These things hurt and had an impact.

Money collected at our sports center is not a great deal. A baseball game ticket does not cost 20 pesos [words indistinct] however, educating [words indistinct] charging a small price, one peseta, or whatever for a school lunch had to hurt us a great deal. It did not resolve the problem [words indistinct] in small quantities. Those were the measures we took.

Other measures did yield a great deal of revenues, such as cigars and alcoholic beverages. There were 12 billion [not further identified] circulating in the streets. Other measures such as the farmers markets were taken to promote food production, to seek possibilities of being able to purchase certain items that were impossible to purchase given the situation we were experiencing. Of course, these were not measures that had been taken before, when we could distribute pork, chicken, eggs, milk, and all that. Those measures were better. We had to seek ways to make money circulate a little bit; we had to collect a little bit of money, because there were many people fully convinced that the farmers markets were solving the situation and because those who had lots of money in their pockets and had nothing to do with it used to say that there better be someone... [pauses] At the farmers markets, they are complaining about, according to what I understand... [pauses] those who complain about the markets are defending them [words indistinct] not the ideal solution, but it was on the right track, on the right track. It was a measure we had to take with all its advantages and inconveniences.

Intermediaries inevitably emerged, and they are here, because they are characters linked to free markets. Many people say we have to lower prices. The minute we start regulating prices, we must see how things turn out. It is like regulating the black market. Either we regulate prices or let prices fluctuate freely or we do not regulate. Indeed many people started harvesting mangoes, guavas, and products that were not harvested to sell them at the farmers markets. However, the situation has reached such a point... [pauses] a dollar was worth 150 pesos; it was incredible. They exchanged dollars there, and now we have a place to exchange dollars and pesos freely. Certain measures were taken, and some tests were performed. The convertible peso was also established; it is used in certain forms of incentives in specific quantities. We started taking many measures, testing some of these things. No one knew what was going to happen. It was inevitable: people starting spending less. In the first year, we collected approximately 2 billion; we collected 1.953 billion. Approximately 600 million [currency not specified] were collected in the second year, about a third of the amount collected in the previous year. Naturally money was being spent.

The state has collected a relatively small portion; this small portion was anti-inflationary because of taxes and other reasons. The new UBPC collected another small portion in their status as new organizations. [sentence as heard] The state enterprises collected another portion that was [word indistinct] as they collected money. One of the sacred principles we certainly had to uphold was to guarantee a minimum amount of vegetables, tubers, and other products, a substantial portion of which had to be imported. So after a substantial amount was spent on

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imports, the people were left with a reduced amount of money. Thus, to guarantee the supply of rice, a specific amount of grains [words indistinct].

Eighty-percent of the production of the UBPC, the cooperatives, and the remaining state enterprises was destined for the people or what we refer to as market places. We have seen a miracle this year regarding products sold freely; that is, cabbage and potatoes. Hydroponic farmers began producing everywhere, sprouting in almost every point of the country, and we began seeing fresh vegetables at low prices. As a result of these measures, I believe most of the products sold at farmers markets came from independent farmers and were delivered by intermediaries. These individuals had not paid taxes although they were supposed to [words indistinct] and the confusion created by those sectors that do not want to pay taxes. They have argued that taxes make the price of products increase, but what really makes the price of products increase is stealing. One might find a cabbage being sold for 15 cents or a square-shaped plantain being sold for 5 cents in these markets. Has any tax raised the price? Only increasing production can lower prices. The farmers markets and the [word indistinct] market have created a huge differentiation regarding the income the people have earned.

The resources earned from the farmers markets have accumulated partly in the hands of a growing sector of nouveau riche; this is illogical and quite unjust, and workers should never be deceived by the argument that taxes are to blame for the negative effects of stealing and as a justification not to pay taxes. In nice shape we would be if we allowed a rich sector, a sector which might earn millions, to emerge while we struggled to procure funds for child care centers, schools, hospitals, polyclinics, family doctors, as well as all the social services which the revolution provides and which we would never relinquish. [applause]

We can live without millionaires. You can rest assured that almost none of us—I am saying almost, because there might be someone who would—would shed a tear if there is not one millionaire in Cuba. We do know honest people who have worked hard during the many years of the revolution, always abiding by the law of the country and the [word indistinct] who have amassed fortunes, but these are exceptional cases, not a majority. There are people who would charge any price for any product or service, and this is how they amass their wealth. In addition, the money they earn has increased in value, because 150 pesos equaled one dollar before, and 22 or 23 pesos equal one dollar now.

The rich are getting richer as a result of the measures we have had to adopt inevitably, a point which we must understand and be aware of. The rich also are getting richer because the peso has increased in value, something which is not bad. The bad part is that the rich are getting richer, but we have nothing against the rich. What we want is for them not to steal from the other people.

Some people have asked why we do not set prices. Who could set prices? If an individual is going to fix a [word indistinct] talks to a person and they make a deal, how can we regulate this? We cannot regulate the repair of a bed spring or a piece of junk. One thing is certain: We all must pay taxes.

Taxes are the way to collect the excess money some people have earned by committing abuses. Of course, it hurts all of you and us that the salaries we pay many workers in this country are lower than the salaries some people earn in one day. There are people who earn up to 500 [currency not specified] or more in one day. For instance, the owner of a vehicle can rob an entire family only for moving their furniture. There was a family that almost had to leave its furniture on the truck just to be able to pay the moving fee. You all know this happens; this is why we have introduced harsh measures that do not adapt to our mentality or views on many things, but these measures were inevitable; we had to adopt them. When buses stopped operating in Las Tunas, the drivers appeared. To solve this problem, we decided that a 10-minute ride would cost one peso. These workers were earning 3,000 or 4,000 pesos then.

Members of the ANPP [National Assembly of the People's Government] were trying to collect more taxes than the established amount, because anything dealing with taxes [words indistinct] is a difficult task. Any action taken regarding taxes must be thoroughly organized, controlled, and studied. We were compelled to adopt these measures before having set up an organization for tax collection, but steps have been taken to collect the taxes we must collect.

How can we give better salaries if the resources are in the hands of a few? This has happened in a short time as a result of the serious nature of our current needs. Not all the situations will resemble that of the plantain or the cabbage. One day, this situation will affect many products. We can already say that one thing is certain. As the production of the UBPC, cooperatives, farmers, fruit, or vegetable gardens, family gardens, and state enterprises increases, the prices at the farmers markets, as you all know, will continue their descent. Prices did not drop at first only because of an increase in production but also because of a decrease in available cash. Anyone who bought a mango for 20 pesos the first day would not pay more than one peso now.

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People used to say: I have pieces of paper here; let me change them into mangoes, papayas, or a pound of pork. Those meat products are the most difficult, because they are not produced in the city gardens. This requires feed and other more difficult things, but the price of meat has gone down for those two reasons, because production rose, and, let us say, the amount of money went down. It is important that you understand, however, that the amount of money has not been reduced sufficiently. I would say that the reduction totaled 2 billion [currency not specified] during the first year and about half that amount during the second year. In sum, we have collected approximately $2.8 billion out of almost 12 billion [currency not specified]. Afterward, the products which the government sold and produced at higher prices naturally began to drop. The sale of cigars began to go down. The obsession subsided, the amount of money went down, the supply remained unchanged, and health improved. I am not talking about financial health but, rather, human health because of all that talk about cigars, cancers, and other illnesses. There was a reduction, and now our earnings from the sales of cigars and liquor were cut in half or more.

When many other things go up (there are other formulas), but collecting taxes is no compensation, because we are not collecting taxes yet, and who knows how many taxes were not collected because there was no time to prepare and organize the collection of those taxes from tens of thousands of self-employed workers, and tens of thousands of people who had one kind of business or another or were middlemen [word indistinct].

Part of that is being organized. One of the matters we must instill in the conscience of our fellow countrymen is taxes, something which the people are not used to in this country, much less after 35 or 37 years of revolution. I am not talking about [word indistinct], which is unimportant. The issue of social security was discussed at length at the CTC Congress. You have seen how much it is growing without any subsidy. We did not want to be hasty about any of that, especially in a situation in which there is a growing scarcity of currency. We have requested that steps be taken, but that has not happened. These are problems we must resolve, but we will have to help social security in some way, because social security is becoming more and more costly and has even been abused.

We were pained to hear about or learn of the dramatic rise in the number of cases of people retiring with total disability payments. We have even been thinking about making an inspection, even though it may be a way of educating people, of the number of years. The fact that one-third of pensioners have received full pension before reaching retirement age indicates disarray, lack of control, the lack of morals by certain doctors who sign a certificate, the lack of an adequate means to grant retirement with total disability in necessary and justified cases. These are things Cubans do, and they are very costly later on, and millions add up.

We talked here of people, families who receive assistance from social security, and we need revenues. Other formulas have been sought from the sales of certain products. Stores have been set up to collect funds; they sell some of these products in convertible currency and pesos, but at a higher price. We are still collecting money but less each time.

There is one thing of which we all must be convinced; that is, it is impossible to return to the situation we used to have. It is impossible to return to the 12 billion [currency not specified]. It is impossible to renounce the need to lower currency in circulation to the necessary amount if we want the value of the peso to continue rising, if we want investors, who may be our partners, to trust us. That was a process that was gaining great force; that is, the demand for investments. It was advancing rapidly. As I explained to you yesterday, tourism and other sectors were growing despite the pressure and tireless actions by imperialism. Something useful was taking place as the price of the peso was going up. It generated confidence in those loans.

I also want you to know that no country has achieved what we have with regard to raising the value of our national currency in a year and a half. It will be two years soon, in 1996. When we explain to visitors, businessmen that the country achieved this, they find it hard to believe. How can the value of the peso have gone up?

When the measures were taken, the budget amounted to 34 percent of the domestic gross product. It was [words indistinct] and this year it will most likely be 5 percent. Look at the effort in another field. We are not just collecting, but saving money, pressuring [word indistinct], persuading, doing everything, to lower subsidies to factories, agriculture, and industry in general. We have cut millions of millions. Otherwise, we would be collecting money on one hand and throwing it out on the other hand. Can we say billions? I do not know. Perhaps. [person identified as Jose Luis is heard to whisper something to Castro]

The budget deficit. Jose Luis says it went from 5 billion pesos to 500 million pesos. When we tell foreigners that, they do not understand. They cannot understand it; this is something they cannot get through their heads. Through all these means we have been able to raise the value of the peso, decrease the amount of money in circulation, and balance the budget, otherwise we

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would have ruined everything. This instills confidence, stimulates loans, financing, joint ventures, and the whole set of activities with which we are defending ourselves. There are factors that help us, such as our neighbors from the north, because they are becoming the enemy of the entire world. They are becoming more hegemonic and arrogant, traits that do not win the goodwill and understanding of others. The world does not want to be governed. It does not want to be governed as poorly as it is being governed. The United States is governing the world — but very poorly. Every day, there are more people who decide not to pay attention to it, to defy it, and fight. This does not mean one must underestimate its strength, which is very big, very big [repeats himself], and has a great influence. We are watching the number of annoyed people in the world growing like wildfire. There are people coming up with formulas to invest or do business with Cuba one way or another. Since the measures [against Cuba] are more absurd each time, we are watching this sentiment grow around the world. The Helms-Burton law seeks to encourage all this, to keep people from daring to lend us a money or to invest here. What a paradox, I was thinking today. Helms and Burton are defending socialism in Cuba. They are defending socialism because a joint venture is still, in part, a capitalist venture, an investment of capital. Helms, Burton, and company want a 100-percent pure socialist Cuba. [applause]

They want nobody to invest in Cuba. [Words indistinct] also this great historical battle we are just beginning. What is going to happen with those measures, and what will happen in Cuba? Who will win this battle, and how is it won? If they, after passing a monstrous law undermining the sovereignty of the rest of the world, all other nations, something which they closely monitor [words indistinct] they are being governed but want a bit of autonomy. The poorer countries have fewer hopes. Those who have more power hope to gain more autonomy.

There also are serious contradictions between the big, economic superpowers. Here is a law Lenin discovered a long time ago: Economic contradictions between these countries that sometimes create a dogfight over markets, products. Let no one believe that life is happy. As I said before, if they were very euphoric at a certain time, they are now more depressed because of what has happened despite all the money they have spent to dismantle socialism. Production does not increase; production declines; those illusions are more expensive each time. That capitalism resolves nothing. Things are going down not only where socialism has existed but also where capitalism has existed. Then they are bitter over that.

They also have become bitter over their contradictions, their dogfights over markets. All those phenomena are taking place. Meanwhile, the Cuban Revolution perseveres and is able to speak about the things we have talked about these days or tonight. Not one school has been closed. Not one day-care center, elderly home, preschool, institute or school, or research center has been closed. We have more research centers now than in the past. What we have to spare now is professionals in certain areas. Of course, we would have liked to have continued building schools to replace the old ones, but the ones we have work now. Not one clinic, hospital has been closed. Not one family program has been canceled; on the contrary, we now have—and this is incredible—more family doctors, as the comrade who spoke on behalf of the health sector has stated.

It is not better to have.... [pauses] Revenues also have decreased, because we had made other estimates in the past. We estimated the cost of foreign aid even though we are being asked to provide doctors. A country such as South Africa has requested 600 doctors, to be paid for at a reasonable, fair price. You know what a doctor costs in a [words indistinct] country, but they are there. I believe there are 70 doctors there, and there will be a couple hundred doctors there soon. They also will contribute to public health, and we can do the same with doctors as we did with teachers.

We can offer improvement courses, turn that technical force into an instrument to improve the skills of medics, to reclassify them, to train them better. We had this idea in the past with other university careers. The situation that suddenly came upon us made it impossible. An excess of professionals may help train others, may prompt professionals to take a sabbatical year, etc. As I said before, in the afternoon or yesterday, it is more reasonable to have a doctor than to have a scum bag on the streets who does not know anything.

Thus, we are not concerned.... [pauses] Of course, fewer people are enrolling in the universities, because we have had to limit the number of entries under the current situation. In a sense, we have changed quantity for quality, because we have made university entrance requirements tougher, but all those accomplishments we have made—I repeat—together with what is taking place around the world.... [pauses] This country was left empty-handed, left absolutely empty-handed, and I ask again, what would they say if they had heard those who spoke here.

The cutting of marabou weed.... [pauses] We could flood the world with sugar if sugarcane flourished like marabou weed. Marabou weed grows alone. I wanted to ask comrades who came from Guantanamo and all

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other places who planted that marabou weed, because it seems that we devoted ourselves to planting marabou weed for five or six years. What a courageous battle it is, however, to confront marabou weed with machetes and axes. What an intelligent idea it is to use it for energy, wood, fuel for cooking, etc. What a courageous work.

In reality, the things we heard here today were admirable; that is why I spoke about the economic and social importance of everything you have discussed this year and, above all, in this congress. I was surprised to hear the reports by the Santiago de Cuba Contingent in Villa Clara, what they have done, how they have done it, their willpower and determination. I was surprised to hear about the accomplishments of the Mambises Division in Holguin, which has asked for one and a half [words indistinct] water, what the comrades from Guantanamo have said about what they were doing, or what the comrade from the UBPC about which we spoke earlier said about what they were doing. I was surprised to hear the accomplishments of the other UBPC.

We have heard things we had never heard before, and I know that this spirit prevails all over the country, particularly in the remaining provinces of the country, given that the struggle is a little bit harder and more difficult in the capital [words indistinct], but the comrades from the Politburo received a tremendous impression from their visits to various places, provinces. Some like to go to the provinces to see the spirit prevailing in the provinces. What a tremendous improvement people have shown.

In the past, no such plan could be conceived without a bulldozer. In any event, we cannot send the bulldozers from the Antillana Iron Company that Jordan says he has left; he needs to get spare parts for those bulldozers. He knows how to do so and knows how many spares are needed to get them in good shape. As for some of these provinces making efforts in this regard, when we can help them with a little something, we do so. The idea is to have extra spares on hand.

I want you to know that all those [words indistinct] were bulldozed by the revolution, and it planted them with pasture, rice, sugarcane, and many other things, but everything.... [pauses] I still recall that invading brigade which, aware of [words indistinct] reached Pinar del Rio, just like the revolution built the dams and everything it did, but there were many resources, fuel, trucks, spare parts, and there was money. The miracle is that they are doing what they do with the resources we have and with the awareness that much more can be done, that they can be more efficient.

I say we are truly on the right track and it is an enormous joy to see how our labor class understands this. [applause] This means the battle has been won. We need to develop the same spirit in the administration of the state and in the people's government. And this is already happening with the new work methods the party has established. The party is increasingly assuming its responsibility, as well as support and control duties, on everything that is being done, encouraged by the experience it is gaining.

As for the application of this experience, we must move faster. Some comrades and scientific experts said that here. If there is experience in Ciego de Avila using basic farming methods, it must be applied in other provinces to see what results can be obtained, but this must be done quickly. We cannot wait two to three years.

Not all land is equal, not all crops are equal. And I think that [Agriculture Minister] Jordan and [Sugar Minister] Comrade Nelson have made great efforts to apply positive experiences in other provinces. The idea is not to go crazy trying to achieve everything in a year, but not one minute should be lost in extending positive experiences. One such very positive experience is the one in the sugar industry... how do they call it? The reconstruction of the countryside... [pauses] its rehabilitation. Many do not know the great savings this brings about and what this means.

Yesterday we talked about hundreds of millions. A good part of those hundreds of millions are in the grass that grows next to the sugarcane. We must cultivate as many caballerias as possible. We must take into account the planting depth, the way fertilizers and herbicides are applied, and drainage, wherever possible. Besides all these measures... [pauses] and with all these measures we can achieve those hundreds of millions of arrobas. They are there but it is up to us.

And the month of May is something else. We have had some small untimely rains. They have reduced the cutting and harvesting rhythm in nearly all provinces. The national observatory did not announce this [chuckles] but we cannot ask it to be a fortune-teller. They help a lot, they help as much as they can. But we must plow and prepare the land with those machines. We must plant, clean, fertilize, and do all chores that were mentioned here, and we must also complete the harvest.

The harvest is facing the difficulties I mentioned. I can give you good news: As of today we have harvested 4.15 million arrobas. [applause] This means that with an additional... Did I say arrobas? I meant metric tons, but you understood anyway. With another 350,000 metric tons of sugar we will reach the minimum goal we had established.

This is just the minimum goal. Everything now depends on weather and other circumstances. There is sugarcane

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for a little more, but if rains come not only work will be hindered but sugar yields will be reduced. It is the same to grind with 12 as with 10. [sentence as heard] Those elements are present, but we have to make an effort as soon as possible. And combine this with everything else that we must do, because the congress is currently taking place and comrades from the provinces will be talking about planting and crops.

This is why Nelson [first secretary of Cienfuegos Province] is not here; he could have talked about this. This is very important. It is indispensable that we reach the established goals, because all the things I mentioned are involved, including trust and financing, which we need very much. This is why the month of May will be a month of a lot of work. June and other months also but May will be decisive, because we must harvest the sugarcane planted in April [passage indistinct] that is more or less the situation we are facing with regard to sugarcane.

We need to achieve growth next year, another important growth in January, and we can achieve it if we work with the spirit exhibited here. It was voiced by many comrades. I repeat, there were impressive things. There were impressive results. We are anxious to see what Santiago residents will do in Ciego de Avila with their early cucumbers, cabbage, and potatoes, and all those things; [applause] to see how tobacco experiments develop in other provinces to produce outer leaves, because there is a huge demand for Cuban cigars, a huge demand. There is not enough to go around. We need outer leaves, we need to plant them, because outer leaves have a great value; this is not the regular tobacco leaves. We need to monitor rice programs to increase production because there is a shortage of rice. A metric ton of rice costs nearly $500 when it used to cost between $240 and $250. At times rice cannot be obtained even if money is available to purchase it.

Thus, we must work swiftly in rice farms, but we need certain resources. We are also advancing in the citrus industry. A number of formulas have emerged and we will continue to search for formulas to increase the country's employment and resources.

Builders have reacted in an excellent manner to criticism that was made. There is a clear outlook. Sugarcane growers, who were also criticized, also reacted in an excellent manner. This struggle will not be won, we will not defeat this special period if we do dumb things, if we get careless, or demoralized. The seed bank and other things should have not disappeared, they could have been preserved.

The past years were difficult, there was a degree of demoralization and some mistakes were made. We are making mistakes and we will continue to make them, but our struggle must be relentless. We must leave this congress as a courageous army. This congress has discussed nearly any topic. It did not hesitate to discuss the issue of salaries although we know what the feelings of many workers are. They have needs, they have less money. Products are a little less expensive now, but we must work very hard to lower prices even more and to keep them that way.

And we have not stopped making estimates. And sectors that we care a lot for, teachers for example, are making great efforts. The health and education sectors have about 700,000 workers.

This includes the different categories, such as doctors, nurses, hospital technicians, and staff. There are between 700,000 and 800,000 workers in this sector.

We are happy to know that with the measures adopted during the special period and new forms of payment, socialist forms of payment; with the things we did in agriculture, the creation of the UBPC's, and the improvement in the work of state-owned farms; we can hear that a farmer earned 11,000 pesos, by working and producing a lot. We are happy to hear that in many instances the income of thousands of farmers has been increased. By the way, farmers were the least paid in this country. This error was made in other times, when workers from sectors such agriculture earned the minimum wage, 80 pesos. This was not many years ago. This obviously prompted farmers to emigrate from the countryside to the cities.

Now, the situation has changed. It is good news to hear that thousands have joined the UBPC's, farms, the different plans. It is good to hear that they are building homes, that they are capable of building these homes, even from marabou weed. It is good news to hear we are producing a little more cement, a little more iron rods. It is good news to hear that our aspiration to build approximately 50,000 low-cost housing units [words indistinct] this was not a goal. It was an idea that spread around quickly. And we must now see how we can advance.

You already saw what the guys from Las Tunas UBPC did, the homes they have built, the problems they have overcome, and how they managed to move there. What struck me most was when the delegate explained how he moved, even though he had a good house nearby. And how he later managed to convince the guy from the union to move, then the guy from the party cell, the party secretary. He was able to make them all move. By doing this, we will win the battle. There is no question about it. He did what he had to do. [applause] He did what he had to do to erect thousands of kilometers

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of fence, although we do not have any wire. This is an important deed. He rounded up the cows that were loose and guaranteed the supply of milk of a town with hundreds of children. That is a feat and shows what we can do with what we have. There is no fence; there is a net. There are many other formulas. This is what our people have been inventing and discovering these years of special period.

I would not be surprised if one day we had to erect a monument to honor the special period. If we continue to learn, we are learning, if two or three more congresses are like this one, we would have to lay the cornerstone for this monument honoring the special period. [applause]

This period has taught us to live from what we have, to make better use of what we have. It has taught us about that invaluable treasure which is the intelligence of our people, their knowledge, their education. How much is this and who has it? The IMF must look to see how much money it would need to attain in any country in Latin America the level of education, culture, and health Cuba has today, during the special period. [applause] All the funds of the IMF would not be enough to do this in Latin America only. And we have it, and we must protect it. Every day we must look for one more penny to carry out this work.

In the past, we did it because there were resources available, and also because we wanted to do it, of course. But the resources were not a limitation. The limitation was our lack of administrative efficiency, efficiency regarding investments, etc. At the time, we did not really have today's experience to learn to live from what we have and from what we have created, the values that have been promoted in these years of revolution. Our country continues to move on with whatever we have at hand. And God knows how many more things are left to be seen or discovered.

We are living off what we have. A country that has intelligence can live off what it has. Without intelligence, nothing can be done. We have accumulated intelligence. This does not mean we are overestimating ourselves. We must be aware of the fact, as was stated here, that there is still much to be done, and there is a lot to be done everyday. And we must not fire the baker before he gets that oven going. That is the truth, and I ask my friends from Antillean Steel Enterprise to forgive me. I am a true friend of yours. But sometimes what has occurred many times, happens again. And sometimes it is the other way around. We have an inferiority complex with regard to foreign technicians. The two things have happened to us. If he is not here, I cannot do that.

Just look at how much this country has advanced regarding medicine. This is possibly our biggest advantage from the scientific viewpoint. And who taught us this? Ourselves. Of course, this does not mean giving up many possibilities. If we have new technology to widen the arteries, we should apply it immediately. With regard to the cardiovascular surgery on children, only a few foreigners helped us. We never counted them. But we had confidence in our medicine, our doctors, our scientists.

We organized research centers, we acquired bibliographies, we created all the universities that were necessary to do that. And we have made progress. We are a medical power. We are a cultural power resulting from the modest efforts that were initially carried out at the outset of the revolution, with the arts schools and all that. We are an education power. And we did it thanks to our own experience and our own professors. And we have all the universities that we want. In fact, we have universities to spare. We have all the university professors that we want. I am not going to say we have professors to spare because they may feel offended, but they can work and help you with their knowledge, their science, as was demonstrated here in this congress.

In many things we are at the vanguard and in others we are not. We don't have an industrial culture, although we have advanced a great deal. Others have the advantage of having an industrial culture, in regards to habits, discipline, respect for the technological norms. We don't have a culture with regard to management and efficiency, and we must acquire it at any rate. And we must develop it as quickly as possible. We need to promote men who have initiative, because someone said: If there were 1,000 comrades like the worker from the Las Tunas UBPC... [pauses] I am sure that in this country there are thousands of comrades like the comrades from Las Tunas UBPC, Ciego de Avila, Holguin, Guantanamo, or from any province of the country.

We must find and encourage those men who have initiative, ideas, will, strength of character, and talent to deal with people. This is because the subjective element has played a pivotal role in these efforts we have talked about here: Garnering the support of those involved in a specific activity. We went through a singular experience with the war. War is tough! Going up and down the mountains is hard. A war involves great sacrifice; however, many people joined in. In light of its difficult nature, we could never have won the war if we did not first garner the support of the people. The first thing someone who wants to win a battle or accomplish an objective must do is win people over. The moral incentive is not only giving someone a diploma, but

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also saying good morning or showing interest in a sick relative.

The capitalists who exploit the workers have studied many techniques on how to garner the support of the workers. They have studied them thoroughly. We, the socialists, who view work as a duty are not concerned with or, I should say, socialism in general is not very concerned with giving people this type of attention. Now, we are doing much better at coordinating material and moral incentives. However, I do not know with what money this comrade could have accomplished what he did had he not garnered the support of the people who were going to work with him. He even had to win over the affection of the cows to provide milk for the people of Guayabare. For some time, we were too optimistic and thought everything revolved around moral principles, and in fact, we did many things within this framework. What these people have accomplished is tremendous. How have we repaid the 500,000 citizens who have participated in the internationalist missions? I am saying this because we should never underestimate in the least the moral aspect, including saying good morning to people.

These people have accomplished great deeds with moral strength and moral incentives. Now, I believe that we are properly harmonizing incentives with effort to reward people for their work. I do not know if there is currently the same concern with the use of moral incentives as exists for the use material incentives, but at least, as far as our ideas are concerned, it is clear that these incentives must be harmonized. However, I am sure that there is no moral incentive comparable to the feeling one felt here when a majority of the comrades spoke about their accomplishments. The pride felt by these comrades reminded me of the pride of the mambises [Cuban natives who fought against the Spaniards]. Everything they did, they did out of honor, patriotism, and pride. Let's coordinate these two elements: The satisfaction of people for what they have done and the benefits they and their families can obtain from what they have done. I believe this is another major lesson we have learned from that special period.

The path is very clear. I do not want to omit how much all of us were moved by the different examples we saw here. Listening to these different cases enables me to assure that this congress has had a great moral and human quality. One could almost tremble at the thought of worker who donated 71,000 pesos earned from voluntary work, which he completed today, to defend the motherland. [applause] This was even a blow to the excess currency in circulation. He did not spend it and I am not criticizing people who spend their money at the farmers' market. He handed over the money without any objection. Equally touching was the case of a comrade who donated $16,000. I do not remember whether she was the first one or the second one. Where was she from?

[Unidentified speakers] Holguin.

[Castro] She was from Holguin and she donated this money in dollars. There was another comrade — the guy from the farm — who donated.... How much did he donate? [applause] He donated $20,000. Don't you think these examples will go down in history? These examples epitomize this period. We are not saying this just to urge the citizens to emulate these actions. It would be inconceivable! That is not our intention. However, one cannot help being proud of and admiring the human species when one comes across such altruistic, unselfish and generous persons. Similarly, one could sense here a great deal of feeling and morality from a large number of the comrades who spoke; I could say from all of them. However, some of them were impressive, perhaps because of their talent to convey their feelings. However, a comrade — the one who gave $16,000 — did not want to speak. General, she said, I would rather act than talk. [applause] Many comrades conveyed truly profound and admirable feelings. These comrades are true role models for all of us. To know that there are men and women such as these ones must be another reason for those of us who have responsibilities to do more than what we do now. Let's struggle more than we are struggling now, because it is truly worth it.

"It is admirable how ideas carry so much strength that they are truly invincible. This is why we, serene and calm, watch the enemy's maneuvers, what he thinks, what he might think, and sometimes, we also know what he thinks. However, we can take the time to analyze these maneuvers calmly. We know that the enemy suffers because of what we have done and how much we have resisted. We know that the enemy is enraged and can be dangerous. That country is in the middle of an electoral process that is crazy. Politicking reigns, and this makes the enemy dangerous. The presence of men with the necessary character is lacking. Sometimes we see signs of weakness that are shocking. The mere fact that this administration, in the end, backed the cruel, inhumane, brutal, and stupid Helms-Burton law shows an unquestionable weakness in character and a lack of ethics."

I did not come here with the intention of inciting anyone, much to the contrary. I came here to encourage you and ourselves to keep our composure and combine patience with intelligence. If there is something our enemies must know, it is what I once summarized in the following

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phrase: Intelligence will not lack courage and courage will not lack intelligence.

We have confidence in the party's serenity and equanimity. We clearly see all the provocations carried out in an effort to create conflicts, if such conflicts are possible, but not by resisting. Let us say that it is a heart condition; it seems that everything Cuba has done in all these years, the evidence it is showing, and the successes it is beginning to have, trigger serious heart pains, trigger heart attacks. We have very good medicines for heart attacks; we manufactured them in our laboratories. The streptokinase is excellent, and it does not even leave blood clots.

There is a superpower that is always acting prepotently, yet it lacks the strength of character necessary under certain circumstances, and has no ethics; it is dangerous.

The objective of this revolution is not to win wars; the objective of this revolution is to win wars if they are imposed on us. We are not set out to promote wars or let ourselves be provoked. This country's situation is very far from being desperate, and this is why we remain calm and hopeful. We have no need for conflicts; we can win our battles without conflicts. We do not want wars. But it would be better if no one came up with the crazy idea of carrying out military actions against Cuba, not even if they had illusions about their technological resources. It would be better if no one came up with the illusion of being able to make this nation kneel; it would be better if they never had the illusion that we would be unable to fight for a hundred years and for all the years that are needed to fight. [applause]

We want peace, the peace we weed to continue with this heroic work. Let no one interrupt these efforts we are making; let no one interrupt or attempt to destroy the works we are doing. Let no one provoke us, because if we have carried out the feats we have carried out so far, this nation is then capable of carrying out much greater feats. [applause]

This defines our policy. Our party, our country have an excellent leadership team, both in the party and the government, with the CTC, with the mass organizations. We have all that is necessary to reach our objectives and we have the desire to reach them. We want those million children to enjoy the work we are doing today. He who attacks the interests of Cuba does not attack our interests; we are not fighting for ourselves principally. We are fighting for children like that child we saw there today. We are fighting for our youth; we are fighting for our students. And we want to have the dream of them being able to live one day in a country like the country we know we are capable of building.

We cherish the illusion that all those hopes we got from our illustrious visitors will never be betrayed. We cherish the illusion that this symbol in which Cuba has become, not because it wanted to become a symbol, this symbol which duty and need as well as hostility and hatred from our enemies have turned us into, because we want to do what we deem fair and noble, because what we want is the best not only for our people but for all peoples... [pauses] That is why we are so satisfied with being called internationalists. We are satisfied with being called socialists; we are satisfied with being called communists. [applause]

And those who doubt what we are doing, the things we want to do, and the way in which we are doing it, without attempting to be wise, let them know for sure that we will remain socialists and communists. And we will be respected more because those who shift banners are not respected. Those who betray their ideals are never respected. Those who betray their principles have never been and will never be respected.

Therefore, we are confident that Cuba will be respected, Cubans will be respected, our people will be respected. [applause]

There are two things that make us strong and that are very clear after the plenum, the Central Committee, and after this congress. It is the declaration, the expression of what we have wanted to be, of what we are, and of what we will continue to be always. [applause]

It is with great pride that we can all say today, and so that no one has any doubt about it: Socialism or Death, Fatherland or Death, We Will Win. [applause, crowd begins chanting slogans]

Cuba: Castro Views International 'Solidarity' for Nation

PA0305013596 Havana PRENSA LATINA in Spanish 1016 GMT 2 May 96

[FBIS Translated Text] Havana, 2 May (PL) — There is much international support for Cuba because our cause is just and we know how to defend it with honor and dignity, and that is recognized by the world, President Fidel Castro today said here.

Interviewed yesterday by PRENSA LATINA during a decoration ceremony for outstanding workers, the Cuban president termed exceptional and heroic the fast, which the four members of U.S. organization Pastors for Peace have maintained for over two months, as a show of solidarity with this country.

"Today, market laws are prevalent throughout a world in which products are scarce, they are worth a good deal,

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but the level of honor of our people in such difficult times is something so exceptional that even the market cannot afford it," Castro remarked.

In his exchange with the local press in a protocol room of the Council of State building, Fidel Castro asserted that the friendly speeches made by foreign guests at the recently concluded 17th Congress of the Cuban Workers Federation (CTC) expresses the sentiment of hope that exists in Cuba, which is almost unique.

He commented on the considerable number of foreign visitors that marched through Havana's Revolution Plaza together with Cuban workers on 1 May, and he stated that more people did not come because they had to pay their own expenses, given the lack of resources in the country.

Castro highlighted the invitation made by the Union of Young Communists during the national ceremony honoring Workers Day, to hold a World Festival in the summer of 1997.

"It was very good that this invitation to the festival was made today," Castro affirmed. This idea emerged, he explained, after 5 August of last year, when youth comrades were able to prepare a very austere international event (called Cuba-Lives).

Then, he recalled, the delegates stayed at homes of families... If there is no places to hold youth festivals, the festivals will not disappear; Cuba is ready to hold these events, President Fidel Castro concluded.

Cuba: R. Castro Says Cuba's Defense Capability Intact

PA0305035696 Havana PRENSA LATINA in Spanish 0221 GMT 1 May 96

[FBIS Translated Text] Havana, 1 May (PL) — Army General Raul Castro, minister of the Cuban Armed Forces, emphasized his country's defense capability and warned that the island will be "a hard nut to crack" in case of an aggressive action.

In his closing address to the last working session of the Cuban Workers Federation's (CTC) 17th Congress, Raul Castro praised the workers' participation in financing the island's military resources.

He recalled how, during the Communist Party of Cuba's (PCC) second congress 15 years ago, a worker proposed the donation of one day's wages to pay the expenses of the people's militias, and these funds have covered 47 percent of the expenses.

Raul Castro remarked that Cuba has a vast arsenal of weapons and does not require investments in this sector; and he explained that measures adopted in recent years have made it possible to cover 22 percent of the Armed Forces' costs.

After briefly describing the business management policy developed by his ministry following the Soviet Union's disappearance, the minister said he is sure it will not be too long before someone attending this type of forum announces that military institutions are totally financed.

He emphasized that the country continues the construction of socialism and it has left behind the economic depression caused by the disappearance of its main ally.

We were hit by a major earthquake, and the state central administration [administracion central del estado] sector that suffered the biggest blow was the military sector, Raul Castro said, adding that this will never happen again.

He emphasized that the country overcame that depression and, he commented, those who could not, including government officials, were replaced.

Speaking informally and showing an evident confidence in his audience, the Army General warned: "Other countries should realize that the Cuban Armed Forces only represent the professional vanguard of that great army, the people."

Cuba: R. Castro Leads Meeting on Santiago de Cuba Visit

PA0205150796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] Army General Raul Castro, second secretary of the Communist Party of Cuba and minister of the Revolutionary Armed Forces, presided over a meeting to discuss the Politburo's recent visit to Santiago de Cuba province.

Politburo member Jose Ramon Machado Ventura outlined the outcome of the visit to 723 work places in 7 municipalities in the province. Participants to the meeting thoroughly discussed the sugarcane harvest situation, just hours after Santiago de Cuba achieved its sugarcane plan.

The province has 500 sugarcane caballerias available; therefore, future growth will depend on increasing the yield, which must rise from the current amount of 47,000 sugarcane arrobas per caballeria, to 75,000 arrobas per caballeria.

Regarding housing, it was reported that 8,000 houses out of the 18,000 houses available in different sugarcane areas are in poor condition. So far, 970 low cost houses were completed in 1995, and workers expect to

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complete 1,200 houses this year, and eliminate [words indistinct].

Santiago de Cuba is the second-ranking coffee producer nationwide; thus, there was extensive debate on this topic. The man responsible for the harvest gave several reasons to justify the past harvest's results, the lowest in recent years. However, because he offered excuses rather than a critical evaluation, Raul Castro asked him the reason why Guantanamo and Maisi were able to increase their production instead.

Tomas Pena, delegate of the Ministry of Agriculture, reported sustained growth in the production of tubers and vegetables. This production went from 570,000 quintales in 1986, to over a million quintales during the last three years, and it is expected to reach almost 2 million quintales during the first half of 1996, in addition to the 500,000 quintales produced by the people of Santiago de Cuba farming in Ciego de Avila's fields.

Pena stressed that coffee and livestock are the provinces' Achilles' heel. He reported that the province's livestock and milk production have declined, as happened in the rest of the nation, due to a shortage of feed, lack of discipline, and little training of the cadres, among other things.

Machado Ventura commended the province's positive report on an infant mortality rate of 6.8 deaths per 1,000 by the end of March and a zero mother mortality rate. He also pointed out that no hospital, school, child care center, or nursing home was closed, an indication of the revolution's admirable work.

During the final analysis, Juan Carlos Robinson, first secretary of the Party in Santiago de Cuba, stated that the Politburo's visit outlined over 1,000 problems, which are being addressed. Robinson asked Raul Castro to tell Commander in Chief Fidel Castro that Santiago de Cuba will preserve what he and other comrades have attained.

Cuba: Unions Agree Economy CTC Congress' Leading Issue

PA0205235496 Havana PRENSA LATINA in Spanish 1849 GMT 30 Apr 96

[FBIS Translated Text] Havana, 30 Apr (PL) — Cuban union leaders from various sectors today agreed that the economy was the most important issue of their 17th congress, because, they affirmed, the workers' problems will be resolved only by moving forward in this field.

The significance of this issue was stressed to PRENSA LATINA by means of a poll that involved 100 representatives from the 19 sectors grouped under the Cuban Workers Federation (CTC), which is holding its 17th congress.

Those polled are attending the unions forum, which will end on 30 April at the Havana Conventions Center with the participation of approximately 1,900 delegates.

They said that overcoming the current economic crisis is the only way to resolve the workers' problems and improve their standard of living.

Those affiliated to the food union pointed out that the first task of the workers movement is to guarantee efficiency and increase production to leave the special period (a program of austere measures to overcome the current economic crisis) behind.

Most of those polled affirmed that the toughening of the U.S. blockade on Cuba and especially the recent enactment of the Helms-Burton law demand priority attention be given to the economy.

In all cases, the defense of the revolution, sovereignty, and national independence was the first concern of delegates, who repeatedly decried the U.S. hostile policies against Cuba.

In addition, they said that economic reorganization, job reduction, the wage situation, and other currently hot topics are the subject of analyses in the discussions on the plan that the government drafted to overcome the economic difficulties.

Some of those polled pointed out that these issues were amply discussed on 27 April during the congress' opening session. Six commissions revised 14 draft resolutions that the plenary is currently examining.

They downplayed the opinions stated by foreign media, according to which the unions forum is akin to a managers meeting.

Most of those who were consulted agreed that these opinions would be valid in other countries where workers do not own the companies.

They underscored that, in Cuba, we own the wealth and we must know how to manage it.

Among the other interesting topics this congress will analyze are, the attention given to workers, the duties of the unions, and the need to renew collective labor agreements (agreements that regulate relations between workers and management).

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Cuba: Accord With Germany To Promote, Protect Investments

PA0305004296 Havana PRENSA LATINA in Spanish 1704 GMT 30 Apr 96

[FBIS Translated Text] Havana, 30 Apr (PL) — Cuba and the Federal Republic of Germany have signed an agreement to promote and protect investments, a step that will further the economic and commercial relations between the two countries.

This agreement, the sixteenth of this type that Cuba has signed with different nations, has become the first agreement signed with a foreign nation after the United States ratified the Helms-Burton law, which tightens the blockade through international sanctions.

Heinrich Kolb, parliamentary secretary of state of the German Economy Ministry, signed the agreement on behalf of Germany, while Ibrahim Ferradaz, Cuban Foreign Investment and Economic Cooperation minister, signed it on behalf of Cuba.

Prominent Cubans and Germans attended the signing ceremony, including Carlos Lage, vice president of the Cuban Council of State, and German Ambassador to Cuba George Trefftz.

Havana signed this type of cooperation agreement for the first time with Italy in 1993 and in March with Barbados, an English-speaking neighboring island with which Cuba has maintained friendly relations since the mid-1970's.

Tomorrow, Kolb and the rest of the delegation will conclude their visit after holding talks with local officials. This will be the culmination of several months worth of negotiations conducted by Cuban and German experts.

Not long ago, Cuban Foreign Trade Minister Ricardo Cabrisas visited the Federal Republic of Germany to explore areas of bilateral exchange.

Cuba: May Day Parade Viewed as Sign of Revolution Support

PA0305013696 Havana Radio Rebelde Network in Spanish 1700 GMT 1 May 96

[Interview with Carlos Lage, executive secretary and Politburo member, by Eva Alvarez at the Revolution Square in Havana; from the "National Newscast" — recorded]

[FBIS Translated Text] [Alvarez] Can you give Radio Rebelde your views on this 1 May rally?

[Lage] I came precisely to see how far back the parade went. I think this is one of the most impressive and, no doubt, important parades that we have organized this year, after several years without one. At such an important time for the revolution, I believe the people in Havana, and I have heard that all over the country as well, have responded and demonstrated their support for the revolution and their goals alongside the revolution and Fidel.

[Alvarez] Does this confirm that the labor congress was a big success?

[Lage] This is a continuation of the labor congress, a reaffirmation of support for the revolution and a demonstration that the new actions by imperialist forces to smother the revolution will not obstruct the path of our people.

Cuba: Politburo Members' Activities Through 2 May

PA0305042196

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 2 May.

Roberto Robaina presided over the opening of an international consultative seminar with delegates from several international agencies and friendly countries at the National Hotel. The goal of the seminar was to discuss the current problems of the Cuban health system and map out the future improvements to the sector. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 30 Apr 96)

Raul Castro presided over the concluding session of the politburo's working visit to the province of Santiago de Cuba. Jose Ramon Machado Ventura, Ulisses Rosales Del Toro, and other officials attended the meeting, which dealt with the problems of the sugar sector. Alfredo Jordan also spoke about the problems encountered with the coffee harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 27 Apr 96)

Ricardo Alarcon gave a speech on the historical differences between Cuba and the United States and U.S. plans to get world-wide support for the blockade on Cuba to a visiting delegation of Argentine legislators, politicians, and businessmen. (Havana Radio Havana Cuba in Spanish 0000 GMT 26 Apr 96)

Jose Ramon Balaguer attended the main ceremony to mark the 35th anniversary of Radio Havana Cuba. The ceremony was held at the Museum of the Revolution. During his speech, he highlighted the importance of the station in broadcasting the Cuban truth. (Havana Radio Havana Cuba in Spanish 0000 GMT 26 Apr 96)

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Haiti

Haiti: Former General Granted Political Asylum in Israel

PA0205202296 Port-au-Prince Signal FM Radio in French 1030 GMT 30 Apr 96

[From the "Waking Up" newscast]

[FBIS Translated Text] Former Haitian General Prosper Avril is distancing himself more and more from Haiti. Avril has now taken refuge in the Middle East, specifically in Tel Aviv, Israel, where he has been granted political asylum.

The former Haitian military president was the subject of a rigorous inquiry by Haitian police following several assassinations in the capital. Avril's home was completely combed by policemen. However, the former officer had time to take refuge at the Colombian Embassy in Port-au-Prince. Do you remember? His daughter Carine and her husband were arrested by the police within the scope of this inquiry.

[Port-au-Prince Radio Metropole in French at 1045 GMT on 29 April reported in the "Morning" newscast that Prosper Avril was wanted by the police and that a warrant for his arrest had been issued.]

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Mexico: Officials Meet on U.S. Anti-Immigrant Climate

PA0305034096 Mexico City XEW Television Network in Spanish 0300 GMT 1 May 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Foreign Relations Secretariat on the evening of 30 April analyzed our borders' key problems.

[Reporter Gabriela Resendez] In Mexico, Foreign Secretary Jose Angel Gurria City headed a special meeting with 15 consuls from U.S. bordering cities, who gave him details of the prevailing anti-immigrant climate in certain U.S. states. The consuls took a recess later that night to inform reporters. Enrique Loaeza, director of the Foreign Secretariat's Protection and Consular Affairs, denied that Mexico is being weak.

[Begin Loaeza recording] We are acting within a territory, the sovereignty of which, is different from ours. We cannot do more than the international law allows when it comes to protecting the rights of our fellow nationals. Likewise, we are not willing to allow actions that attempt to replace those in authority according to our own legal systems. [end recording]

[Resendez] The consuls resumed their private meeting, which precedes the binational Mexico-U.S. meeting that is scheduled to begin on 6 May in Mexico City.

Mexico: Human Rights of Mexican Illegals 'Priority'

PA0305042696 Mexico City NOTIMEX in Spanish 2024 GMT 1 May 96

[FBIS Translated Text] Mexico City, 1 May (NOTIMEX) — The defense of the human rights of Mexicans living in the United States will be given "priority" status during the 13th Mexico-U.S. Binational Meeting, a high official of the Mexican foreign secretariat said today.

Javier Trevino, the foreign secretariat's under secretary for international cooperation, who will attend the 13th binational meeting to be held in Mexico City on 6 and 7 May, said: "The mandatory subject will be that of Mexicans working in the United States."

Three incidents of violence against illegals occurred at the border states of California and Texas in the past few weeks. The incidents were strongly criticized by the Mexican Government and the international community.

Trevino said it is the "duty of the Mexican foreign secretariat to guarantee the protection and defense of the human rights of Mexicans in the world."

The 13th Binational Meeting, the highest consultation body in the bilateral relations, "will make it possible to reinforce and advance in all bilateral cooperation areas," Trevino added.

According to remarks reiterated by the Mexican foreign secretariat, Mexico seeks "a general, long-term approach" to the emigration subject with the United States, a country with which Mexico shares a border of more than 3,000 km.

U.S. Secretary of State Warren Christopher and Barry McCaffrey, director of the Office of National Drug Control Policy, will head the U.S. delegation, according to official sources.

Mexican Foreign Relations Secretary Jose Angel Gurria will head the Mexican delegation to the meeting, which will also be attended by several state secretaries and high-level officials.

In addition to the human rights of Mexican illegals, the meeting will also discuss other key subjects of bilateral relations, such as emigration, drug traffic, trade, investment, tourism, transportation, education, and culture.

Sources close to the delegations have reported that, as on previous occasions, agreements on transportation, energy, health, environment, natural resources, education, bridges, and international ports could be signed.

Mexico: Bishops' Support for Rights Group Noted

96CA0158A Mexico City PROCESO in Spanish 26 Feb 96 No 1008, p 1

[Article by Rodrigo Vera: "Option for the Poor Is Reborn in Puebla With the Organization and Defense of Indian Rights" — received via Internet]

[FBIS Translated Text] Tehuacan, Puebla—With the support of Samuel Ruiz, the bishop of San Cristobal de las Casas, and Arturo Lona, the bishop of Tehuantepec, a broad segment of the local clergy has intensified its backing for the Indians of the region and revived the so-called preferential option for the poor, which was repressed during the time that Norberto Rivera Carrera, the current archbishop primate of Mexico, was in this diocese.

Having come together around the Commission for the Defense of Human Rights of the Tehuacan Valley (CDDHT), a group of priests and the lay faithful have started organizing the Indians, providing them with legal defense and guidance, training translators to assist them in court, drafting bilingual materials, and creating alternative mass media.

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"When Rivera Carrera was here as bishop, he repressed and harassed the grassroots church communities, which are being reorganized now that he has left the Tehuacan Diocese vacant and become archbishop of Mexico," said Father Anastasio Hidalgo, the president of the CDDHT.

Father "Tacho" recalled how Rivera Carrera, arguing that it had a "Marxist world view," closed down the Southeast Regional Seminary (Seresure), where seminarians from nine dioceses in the southeast section of the country studied in accordance with the preferential option for the poor.

On 15 February, Arturo Lona traveled to Tehuacan to ordain three seminarians whom Rivera Carrera had refused to ordain at the time.

"These seminarians were not ordained because they were accused of disobedience. So far, Lona has avoide being called on the carpet for ordaining them," Father Hidalgo said.

He went on to say that Samuel Ruiz was also in Tehuacan last November, presiding over a spiritual retreat for several priests.

The CDDHT is in contact with Samuel Ruiz' Fray Bartolome de las Casas Human Rights Center and with Lona's Tepeyac Human Rights Center.

He then emphasized: "In the area of human rights and the option for the poor, I am an apprentice of Samuel Ruiz and Bishop Lona."

In a study on the violation of the human rights of indigenous communities in Puebla, the CDDHT points to "the traditional abuses and corruption by governmental agriculture agencies, such as the Office of the Attorney for Agrarian Affairs, which is trying at all costs to break up the Indians' territorial resources against the will of the pueblos and townspeoples." As for the Agriculture Secretariat, the CDDHT says that it has perpetuated "the plundering of the underground and surface water resources of the pueblos."

It adds that "police abuses and corruption, the meager effectiveness of the Office of the Public Prosecutor in acting on the Indians' complaints, the lack of translators and defense attorneys, the bias and slow pace of the courts, and their failure to dispense justice create a context in which almost all of the rights of the most vulnerable people are being violated."

These abuses, the CDDHT adds, are taking place amid a "serious economic breakdown that has been worsened by the crisis and the current recession."

"What would your position be in the event of an indigenous insurrection?"

Surrounded by photographs of Samuel Ruiz, Bishop Pedro Casaldaliga, and Oscar Arnulfo Romero, the Salvadoran archbishop who was slain by the military dictatorship, Father Hidalgo replied:

"We support self-defense. Saint Thomas and the Second Vatican Council approved of organized violence, as long as it is an attempt to get rid of a tyranny that no longer leaves room for peoples to fulfill themselves. We will do this too."

Created last year, the CDDHT has the support of 35 social organizations and several priests, among them: Miguel Angel Ruiz, the Coapan parish priest; Emigdio Andrade Altamirano, from San Gabriel Chilac; Armando Carrillo, from Altepexi; Eligio Martinez Flores, from San Antonio Canada; Wilebaldo Martinez, from San Pablo Tepetzingo; Leobardo Arrollo, from Ajalpan; Mario Ordiano, from Tehuacan; and Florencio Fuentes, from San Jose Miahuatlan.

In contrast to Pope John Paul II, in whose view liberation theology collapsed along with Marxism, Father Hidalgo said:

"Liberation theology was not born of Marxist analysis. It has a biblical basis. And as long as there is injustice and marginalization, there will be theological language aimed at liberating our brothers. We are engaged in this work."

Mexico: Objections Voiced on Rights Group Report

96CA0158B Mexico City PROCESO in Spanish
11 Mar 96 No 1010, p 1

[Letter to the editor and reply by author of PROCESO 26 February report — received via Internet]

[FBIS Translated Text] **On Priests in Puebla**

To the editor:

We are respectfully writing you this letter to correct some slanted ambiguities and inaccuracies that appeared in the article by newsman Rodrigo Vera (PROCESO 1008, page 25) and in the regional newspaper SINTESIS.

1. Mr. Vera says that there is "support from Samuel Ruiz and Arturo Lona...(for) a broad segment of the local clergy (that) has intensified its backing for the Indians of the region...." We would like to note that the presence of these bishops in Tehuacan has nothing to do with our pastoral work; never have they been asked for theological or pastoral guidance. This so-called "support" for such a "broad segment of the clergy" does not exist. The pastoral work of priests in marginalized

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zones stems from the diocese's own organization and their appointment by the diocesan bishop.

2. As for the assertion that this segment "has intensified its backing for the Indians of the region," we wish to state that the church has always been concerned about the most vulnerable among us, as is the case with our Indian brethren. Our presence as priests in the communities that make up the parish districts in this pastoral zone, which are not part of "the Sierra Negra of Puebla," is in keeping with criteria of the Gospel of Jesus Christ. Our work as priests is not intended to engender violence, provoke a class struggle, induce subversive uprisings, or promote an armed struggle.

No one in the world denies that every person must struggle for the defense of human rights. The church cannot withdraw from its mission to look after the defense of these rights, always enlightened by the word of God and the church's magisterium. Therefore, there is no such coming together around the Commission for the Defense of Human Rights of the Tehuacan Valley (CDDHT). This commission is not dependent on the priests in the aforementioned pastoral zone, and much less is it a human and institutional vehicle for the purpose of destabilization, confrontation, and violence. Like any other, this commission must be governed by its own bylaws and its relations with other regional, national, and international organizations.

3. We wish to clarify that we, as priests, whose names appear in the article in question, have no ties of any kind to subversive individuals, movements, or organizations or to the organizations and individuals mentioned in this article, much less to the EZLN [Zapatist Army of National Liberation] or the FZLN [Zapatist National Liberation Front].

The reporter may object and point out that he never said that we were linked to any organization, individual, or armed movement. Yet if the article is placed in its overall context (location, insert, subtitle, etc.), a link could be construed.

Sincerely yours,

Fathers Emigdio Andrade Altamirano, Armando Carrillo Carrillo, Jose Florencio Fuentes Olivares, Wilebaldo Martinez Martinez, Miguel Angel Ruiz Cortes, Leobardo Arroyo Romero, Anastasio Hidalgo Miramon, Eligio Martinez Flores, and Mario Ordiano R.

Reporter's Reply

To the editor:

I will repeat the statements by Father Anastasio Hidalgo, the president of the Commission for the Defense of Human Rights of the Tehuacan Valley (CDDHT). "Father Tacho" indicated that "when (Norberto) Rivera Carrera was here as bishop, he repressed and [illegible]assed the grassroots church communities, which are [illegible]ing reorganized now that he has left the Diocese of Te[illegible]acan vacant."

He also said that the man who is today the archbishop of Mexico closed down the Southeast Regional Seminary (Seresure), which trained priests to be committed to the poor. And he disclosed that Bishop Arturo Lona has now traveled to Tehuacan to ordain several Seresure priests: "These seminarians were not ordained because they were accused of disobedience. So far, Lona has avoided being called on the carpet for ordaining them."

He also mentioned that last November Samuel Ruiz presided over a spiritual retreat for several priests, and that the CDDHT is in contact with Samuel Ruiz' and Arturo Lona's human rights centers.

"In the field of human rights and the option for the poor, I am an apprentice of Samuel Ruiz and Bishop Lona.... The conditions among Indians in Chiapas and Oaxaca are similar to those of our Indians," Father Tacho said.

This shows that both Samuel Ruiz and Lona support the church current of the preferential option for the poor that is now reemerging in Tehuacan. It was urged by the CDDHT, which was created only last year, and which, according to one of its own documents, also has the support of 35 social organizations.

In conclusion, I never said in my article that the purpose of the CDDHT was destabilization, confrontation, and violence. On the contrary, I said specifically that its goals are "organizing the Indians, providing them with legal defense and guidance, training translators to assist them in court, drafting bilingual materials, and creating alternative mass media."

Father Tacho provided me the names of the priests who are working most closely with the CDDHT, and only with it. It surprises me that now these same priests should "construe" that I am linking them to the EZLN and other "subversive organizations."

Sincerely yours,

Rodrigo Vera

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Guatemala

Guatemala: U.S. Pressure on Relations With Cuba Denied

PA0205174196 Mexico City NOTIMEX in Spanish 2316 GMT 29 Apr 96

[FBIS Translated Text] Guatemala City, 29 Apr (NOTIMEX) — Guatemalan Foreign Minister Eduardo Stein today denied the U.S. Government pressured him about an eventual reestablishment of diplomatic relations with Cuba.

The foreign minister said in a news conference: "I never received any demand or indication of any type by (U.S.) authorities from the White House or the Department of State."

Guatemalan President Alvaro Arzu last week mentioned the possibility of opening a Cuban mission in Guatemala "at the level of charge d'affaires" as a first step to resume diplomatic relations suspended since 1960.

According to the foreign minister, Senator Christopher Dodd and Senator Jesse Helms, during his visit to Washington last week, were the only ones who discussed a possible resumption of diplomatic relations between Guatemala and Cuba.

The Guatemalan official said Dodd reminded him of the U.S. Government's outrage in the wake of the February downing of a plane of the anti-Castro organization "Brothers to the Rescue," an incident which left four dead.

Stein also received a message from Helms, the leading supporter of a law to intensify the blockade on Cuba, expressing his concern about restoring diplomatic relations with the Cuban Government.

Stein said the results of his visit to Washington last week were "positive," because he spoke with various sectors about his country's situation, the peace process, and human rights, among other topics, but not about Cuba.

The minister also asked the U.S. Government to release information on U.S. nationals who were victims of crimes or abuses in Guatemala so investigations of those cases may be carried out.

Those reports include information on the rape and torture of sister Diana Ortiz and the assassination of U.S. national Michael Devine.

Stein said the senators and government officials from the White House were very receptive toward his explanations of the various topics and expressed their intention to maintain their nation's assistance to Guatemala in various areas.

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Argentina

Argentina: U.S. Stance on Patent Law Said Not 'Hardened'

PY0205183096 Buenos Aires TELAM in Spanish 1317 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 2 May (TELAM) — Commenting on the observations made to Argentina's Patent Act within the framework of the U.S. trade laws, President Carlos Menem asserted today that the United States "has neither hardened" its stance on Argentina nor has it adopted any measures against our country.

Menem claimed that the United States "has not hardened" its position and was of the opinion that the letter he had received from U.S. President Bill Clinton included "a very amiable, affectionate, and mild complaint."

Menem, speaking on Radio America, said: "Let us not magnify things. The United States has not taken any measures that will worsen Argentina's situation."

Referring to the letter that his American counterpart had sent to him, Menem said: "President Clinton's treatment [of me] was normal, like the one we usually confer on each other."

In his missive, Clinton says that the United States will refrain from imposing trade sanctions against Argentina, despite the fact that our country was included on a U.S. list for "priority observation."

The U.S. chief executive said in his letter: "We have decided against imposing sanctions, for the time being, as we expect that your administration will continue working with the Argentine Congress to enhance protection for industrial property."

Menem declared: "There will be a follow-up to the bill that has been sent to Congress so as to hammer out an agreement on the question of medicines."

In reply to a question about whether the executive branch will insist on amending the Argentine Patent Act to meet international requirements, the head of state said: "Yes, the bill is under discussion in Congress. We will continue holding talks on the subject, which is what the United States intends us to do."

When he was told that Congress had announced that it will not review the legislation on intellectual property, which could lead to trade sanctions against Argentina, Menem stated: "Well, those are things Congress says."

The president argued: "We will see what we can do so that congressmen may change their mind. We are living in a democracy so we have to try to obtain the best for Argentina — to protect the interests of our country rather than those of a specific sector of the community — through dialogue."

Argentina: Official on Decrees Dealing With Arms Sales

PY0205155596 Buenos Aires TELAM in Spanish 2355 GMT 1 May 96

[FBIS Translated Text] Buenos Aires, 1 May (TELAM) — Argentine Chief of Cabinet Jorge Rodriguez said today that the UCR [Radical Civic Union] administration sold arms to Iran while the latter was at war with Iraq, and reaffirmed that the current administration did not sell any arms to Ecuador.

Rodriguez stated that Argentine arms were sold to Iran "during former President Raul Alfonsin's administration while (Iran) was fighting" with its neighbor Iraq, and emphasized that "Argentina did not sell arms to Ecuador" during President Carlos Menem's administration.

Rodriguez explained that when the deal was struck with the company that would take the arms to Venezuela, "there was no conflict between Ecuador and Peru."

Following President Menem's announcement, the Argentine Government on 1 May released the decree lifting the secrecy on arms deals.

The decree was released during a news conference that the chief of cabinet held at Government House. Rodriguez handed to the journalists copies of Decree 472 opening to the public 27 secret decrees related to sales of arms abroad from 1983 to date.

Rodriguez explained that "the purpose is to make these decrees available to the public, so that it will be known who was selling the arms and the conditions prevailing in the countries of destination."

Asked about UCR President Rodolfo Terragno's remarks blaming President Carlos Menem for the alleged diversion of the arms shipment to Ecuador, Rodriguez answered: "Dr. Terragno talks too much, does very little, and reads very little."

Rodriguez added that the UCR president did not read carefully enough the reports on the affair, and recalled that "the administration followed regulations issued in 1985" for the sale arms.

Rodriguez said: "A UCR leader has said that arms were sold to Ecuador and Croatia, which is not true." He added that "former President Alfonsin should not feel threatened by this decision to publicize the decrees."

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Rodriguez denied that the administration is viewing the alleged diversion of the arms shipment as "a hot potato," and explained that "the idea is to explain how an operation took place," adding that "Argentine society and the international community should know whom the arms were sold to."

The chief of cabinet was asked what prompted the administration to disclose decrees issues since 1983. Rodriguez answered that "everything done earlier (than 1983) should be considered illegal and unconstitutional," because it was done by de facto regimes.

Rodriguez reiterated the government's decision "to stop manufacturing arms," and pointed out that "the sale of Military Industries is proof of this decision."

Asked about the transfer of Military Industries to the Economy Ministry so that it can be privatized, Rodriguez reasserted that "this (legal) process will go on."

Among the secret decrees that were made public, 16 were issued during Raul Alfonsin's administration, 10 were issued during Carlos Menem's administration, and one is actually the publicly available Decree 625, dated January 1995, suspending the secret decree on the sale of arms to Venezuela.

President Menem, Rodriguez, Defense Minister Oscar Camilion, Economy Minister Domingo Cavallo, and Labor Minister Armando Caro Figueroa, who is acting foreign minister in the absence of Minister Guido Di Tella, signed Decree 472 making the secret decrees public.

Argentina: 'Secret Decrees' on Arms Sales Made Public

PY0205160796 Buenos Aires TELAM in Spanish 0047 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 1 May (TELAM) — The confidential information released by the government tonight about weapons sales includes 24 [number as received] secret decrees, 14 of which were issued during the Raul Alfonsin administration and 10 others during the Menem administration beginning in 1989.

The information released, however, clearly establishes that the operation carried out with the intermediary firm Hayton Trade in 1995 involves a weapons shipment for Venezuela and that no weapons were ever sold to Ecuador.

The operations carried out during the Alfonsin administration reveal eight war materiel sales to Iran when that country was engaged in a war of attrition with Iraq. They are secret decrees No. 1723/84, 987/85, 988/85, 1978/85, 1995/85, 1999/85, 307/87, and 852/87 signed by Raul Alfonsin between 7 June 1984 and 3 June 1987.

The remaining six secret decrees issued during the Alfonsin administration refer to materiel sales to Kenya and Denmark, as well as to Peru in two cases and to Bolivia in two other cases.

As for the secret decrees issued during the Menem administration, three of them involve sales for Sri Lanka, Bolivia, and Pakistan, while two others (2719/92 and 1903/93) were linked to the dismantling of the Condor-2 missile project.

The Menem administration also issued decrees 1697, dated 27 August 1991, and 2283, dated 31 October 1991, which authorized Military Industries to export weapons to the firm Debrol International Trade, with the destination being the police and security forces of the Republic of Panama.

The effects of these decrees were then suspended through decrees 298 and 299 of 26 March 1996 — also made public today — which state that the measure is due to a suspicion that this war materiel could have had "a final destination different from that established."

Finally, secret decree 103 from 24 January 1995 authorized weapons sales to the intermediary firm Hayton Trade, "with the final destination being the Armed and Security Forces of the Republic of Venezuela."

This operation is currently under court investigation because it is suspected that the war materiel could have been diverted to Ecuador when that country was engaged in the so-called Condor War with Peru.

The effects of that decree were suspended on 2 May 1995 through decree 625 — which is public — given that the Venezuelan Government reported that neither its Army nor any other military force had carried out "any operation to purchase weapons from Argentina."

The decree that authorized breaking the secrecy affecting these decrees was signed by President Carlos Menem, Cabinet Chief Jorge Rodriguez, Labor Minister Jose Armando Caro Figueroa, Economy Minister Domingo Cavallo, and Defense Minister Oscar Camilion.

In the decree's introduction, the government states that its decision is based on the fact that the "public has demonstrated a clear interest to learn about the decisions that the government adopted regarding the sale and export of weapons to third countries."

The decree states that "reasons at the time caused the decrees to be issued, as is traditionally done, as secret."

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but now that such safeguards "are no longer necessary," it was believed that "it was appropriate to order" their publication.

Argentina: Pharmaceutical Centers Downplay U.S. Action

PY0305021696 Buenos Aires TELAM in Spanish 2252 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 2 May (TELAM) — The two pharmaceutical industry centers today downplayed the significance of Argentina's inclusion on a list of countries to be observed by the United States over its pharmaceutical patent law.

Pablo Challu, Argentine Industrial Center of Pharmaceutical Laboratories (CILFA) executive director, said: "This measure does not involve any" sanctions against our country.

Cooperala [expansion unknown] Executive Director Santiago Ballesty noted that the measure is not a sanction, "we have merely been placed on a list of countries that could possibly be sanctioned in the future."

Argentina was recently included on a list of "Priority Observations," under Chapter 301 of the U.S. commercial law, over its pharmaceutical patent law.

Challu explained that the list involves three categories and that Argentina has been included under the second category, which dispels all the threats of economic reprisals.

Challu said: "The first category includes the countries on which investigations are immediately conducted to subsequently take action; the second category includes the countries on which the attitude to be taken is being reviewed, without the prospects of immediate sanctions; and the third category virtually includes all the countries of the world."

Ballesty noted that this inclusion "should make us happy, as it means our country has been such a good negotiator that it achieved the level of the most powerful countries within just a few years."

Ballesty explained that the EU, Japan, and Korea are in the same category than that of Argentina.

Nevertheless, Challu emphasized: "We should not accept any country categorizing us and telling us if we behaved badly or well. Under international coexistence, this is unacceptable."

Challu said: "If the U.S. Government has any problems with Argentina or with any other country, international laws establish that it should resort to a WTO court."

Commenting on the U.S. complaints over the Argentine patent law, Challu noted: "Our legislation conforms to the GATT." He added that the United States, which wants more than what it signed for, is the only country that does not respect this forum.

Ballesty said: "We have taken a huge leap forward by approving this law and now negotiations are being pursued at a different level. There is no more pressure on the legislative branch."

Ballesty pointed out: "The government should continue to negotiate and not accept any changes to the current patent law. Negotiations must be pursued at a different level."

Argentina: Editorial Views U.S. Report on Drug Trafficking

PY0205233596 Buenos Aires CLARIN in Spanish 26 Apr 96 p 12

[Editorial: "Shared Responsibility Against Drugs"]

[FBIS Translated Text] A report by the U.S. Government that refers to the counternarcotics struggle in the world lists a number of characteristics of the Argentine drug trafficking situation that are well known, and disturbing.

The report points out that the transit of dangerous drugs from points of production to consumption centers, particularly in Europe, has increased. Due to the increasing seriousness of this situation, which is well known and has been denounced for years, Argentina has been reclassified from a country with a medium-intensity problem to one with a high-intensity trafficking and money laundering problem.

The report adds that even though the local government is willing to fight drug trafficking, there is a lack of adequate controls on drug trafficking and consumption, rivalries between security forces and control organizations, and judicial inefficiency, among other problems. The report also outlines problems that are related not only to drug trafficking, but also to other fields in the area of security and law and order.

The importance and gravity of the problem forces us to seriously consider the contents of the report, but also to say that the fight on trafficking and money laundering cannot be conceived unilaterally or partially.

During a recent meeting in Cochabamba, Bolivia, representatives of the Rio Group and the EU agreed on the importance of the principle of shared responsibility in international actions against trafficking, which implies a common effort by all countries affected in one way or another by the problem.

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To promote shared responsibility, the meeting proposed — among other things — the need for industrialized countries to control the export of precursors used to manufacture drugs and to fight consumption in their own markets.

The struggle against the crime of drug trafficking, and those associated with it, demand, in sum, a pragmatic and co-responsible treatment of all elements in the drug trafficking chain, without which effective results cannot be expected.

Argentina: Participation in NATO Flights Announced

PY0205233196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1340 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 2 May (NA) — Recounting the activities of the Air Force during the war with the United Kingdom over the Malvinas Islands, President Carlos Menem this morning headed a ceremony to mark the 14th anniversary of the baptism of fire of the Argentine Air Force.

During the ceremony, Brigadier Juan Paulik, Air Force chief of staff, announced that Air Force personnel would participate this year in NATO operational exercises in the United States.

Paulik announced this during a speech. In addition to Menem, Defense Minister Oscar Camilion; General Mario Candido Diaz, joint chief of staff; General Martin Balza, Army chief of staff; Admiral Enrique Molina Pico, Navy chief of staff; and the National Border Police, Argentine Coast Guard, and Federal Police commanders were present at the ceremony.

Paulik explained that the goal of the NATO operations in which Argentina will participate involves "guaranteeing the ability to combine operations as required by today's warfare, which is marked by the integration of coalition or multinational forces."

Paulik added: "The incorporation of the A-4M Skyhawk weapons system, upgraded with the most sophisticated technology available, completes the basic equipment required to compensate for the great losses and deterioration experienced by Air Force materiel during the 1980's."

Paulik said: "The crisis, which seems historically recurrent, requires us to conform to the current situation in our country."

Argentina: Official on Nuclear Suppliers Group Meeting

PY0205211396 Buenos Aires TELAM in Spanish 2014 GMT 28 Apr 96

[FBIS Translated Text] Buenos Aires, 28 Apr (TELAM) — The Nuclear Suppliers Group [NSG] has reaffirmed its decision to ensure that nuclear energy is used for peaceful purposes and to prevent the transfer of technology, even indirectly, from fomenting the proliferation of atomic weapons.

Enrique de la Torre, director for international security and nuclear and space affairs at the Argentine Foreign Ministry, today said: "On the threshold of the 21st century, any country resorting to the use of force to resolve international conflicts will be repudiated and punished by the international community."

De la Torre spoke to TELAM after a plenary meeting of the group of signatories of the Nuclear Nonproliferation Treaty [NPT] that was held in Argentina, for the first time, from 22 to 26 April.

De la Torre, who presided over the meeting, strongly defended peaceful policies "that promote agreements, communications, and understanding among governments, as the only way to resolve problems that affect all nations."

Delegates of the 32-member countries of the NSG — which is also called the London Club — agreed to tighten controls and thus guarantee the use of nuclear energy for peaceful purposes and to prevent the transfer of technology from fomenting proliferation.

Regarding measures to prevent the production and illegal trade of nuclear weapons, De la Torre stated: "Foremost is the rejection of the export of nuclear materials and those which may be dual purpose."

De la Torre also emphasized the significance Argentina attaches to hosting "this important" meeting, which represents acknowledgment from the international community of the Argentine Government's position against proliferation of weapons of mass destruction.

De la Torre said: "Argentina seeks to promote security through agreements, communications, transparency, and understanding. To this effect, we are making proposals at the regional level."

He said that Argentina views security "as a topic of cooperation. Security does not entail only precluding an arms race." As an example, he cited the case of the Russian Federation, which formulated a program, but "failed;" and the Iraqi case, which provoked international "condemnation and sanctions."

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De la Torre noted that "in 1978, Argentina had a very large military arsenal and the most advanced program in Latin America."

He added: "We should no longer believe that the enemy starts the other side of the border. This approach prevailed in the 19th century, when war was an accepted practice. Today, war is no longer acceptable." He admitted, however, that Latin America "remains in the 19th century in many respects."

Despite all this, De la Torre noted that the demand for weapons in Latin America "is very low compared to other parts of the world." He added that the legal trade of weapons worldwide is between $30 and $40 billion annually.

Argentina joined the NPT, which has more than 160 signatories, in 1994 after refusing to join it for more than two decades.

At that time, Hans Blix, head of the International Atomic Energy Agency (IAEA), said the Argentine Government "is firmly determined to create a nuclear nonproliferation zone."

Argentina has participated as an active member in international organizations working for nuclear nonproliferation, including the UN Security Council, the IAEA board of governors, and the Tlatelolco treaty.

Argentina: Armed Forces Said Not Involved in Arms Sales

PY0205191796 Buenos Aires TELAM in Spanish 1436 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 2 May (TELAM) — President Menem categorically stated today that the Army has "nothing to do" with the alleged diversion of Argentine arms to Ecuador.

President Menem told Radio America that "the Argentine Army and the Armed Forces have absolutely nothing to do with this affair."

The head of state explained that "Argentina sells arms, as it has been doing for many years. Military Industries, a nonmilitary company, manufactures the arms and sells them abroad either directly or through intermediaries."

He was then asked about a television clip showing a parade staged in Zagreb in May 1995 to commemorate the fourth anniversary of Croatia's independence showing arms from several countries, including Argentina, at the very time when Argentine "blue helmets" were engaged in a UN peacekeeping mission in the former Yugoslavia.

"When did those arms get there (Croatia)? When was that? Couldn't those arms have arrived from other countries?" the president asked.

Menem went on: "What arms were those? The arms that Argentine Government sold to Panama, or some other country? The arms that were sold many years ago when I was not president of the nation, or even before that, during the military regime?"

He said: "Why are we harping on this sale of Argentine arms to Ecuador, or Croatia, or some other country? Where did this information come from? Where is the evidence?"

Menem stated: "Let us not pass judgement before the judges issue their ruling; otherwise, we will keep making the same mistake: News media condemning before the judges, and that is what is happening now."

The president explained that Defense Minister Oscar Camilion "is not investigating himself. The evidence has been turned over to the court. He is conducting an administrative inquiry (at his ministry) because he is the defense minister; that is the way it should be." Also involved in this inquiry are "the Armed Forces auditor general, and the national prosecutor general, which is an additional guarantee."

Menem said that the disclosure of decrees on sales of arms from 1983 to date will help "establish the methods used. The current administration merely continued using the method devised for the sale of arms in 1985."

The president said: "We are not hiding anything here," adding that "we should bear in mind that the Argentine Government signed decrees selling arms to specific companies; what happened from there on remains to be seen."

Argentina: Government 'No Way Liable' for Arms Shipments

PY0205230296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1557 GMT 2 May 96

[FBIS Translated Text] Buenos Aires, 2 May (NA) — Defense Minister Oscar Camilion insisted today that the Argentine Government "is in no way liable" for the illegal sale of weapons to Ecuador and promised never again to sell weapons through intermediaries.

Moreover, Camilion flatly denied that the situation arising from the third-party sale could bring about his dismissal, and yet he declined to reply to a question about whether he would be subpoenaed to testify before the courts that are investigating this case.

Commenting on the sale of weapons, the defense minister said: "It is despicably outrageous to claim that

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the Argentine Government is implicated in this," adding that it was a crime of "smuggling" and therefore, "all blame lays at the smugglers' door."

During a news conference today at the Air Force headquarters, the Condor Building, Camilion said: "From now on, the Argentine Government will never again sell weapons through intermediaries."

Regarding the files on arms sales that the government supplied to various media, Camilion denied it represented a government strategy. He emphasized: "That opinion was voiced by the opposition and is inaccurate."

Camilion said he does not understand "the concern expressed by UCR [Radical Civic Union] leaders," in reference to remarks by former President Raul Alfonsin, who emphasized that the disclosure of these decrees is a "smoke screen."

Camilion noted: "It is not good to sell arms to countries at war," regardless of the existence or nonexistence of a ban on the purchase of military equipment by those nations.

Camilion explained: "This issue involves a fundamental — not a procedural — problem. It involves a political problem: If a nonaligned country sells arms to another nonaligned country, a ban may have not been violated, but an unethical action has certainly occurred."

Regarding arms sales to Croatia, Camilion indicated that "there were arms from various origins and a ban imposed by NATO."

The minister added: "Apparently, there were Argentine-made arms there, but this does not mean Argentina sold arms to that country." He noted: "Croatia is not a country that manufactures arms. Therefore, it resorted to the black market to purchase arms during a time of crisis."

Camilion ultimately noted: "A minister is not politically liable for a crime committed under his jurisdiction." He emphasized that just as he was not liable for the death of serviceman Omar Carrasco, he is not liable for arms sales to Ecuador and Croatia.

Argentina: Buenos Aires Governor Meets UK's Rifkind

PY0305004296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2139 GMT 2 May 96

[Report by special NA correspondent]

[FBIS Translated Text] London, 2 May (NA) — Malcolm Rifkind, UK secretary of state for foreign and commonwealth affairs, emphasized today that "there are significant economic changes in Buenos Aires Province." He announced his government's interest in "British investments in that province."

At the start of the second day of his tour of the United Kingdom and Germany, Buenos Aires Governor Eduardo Duhalde met the British secretary of state for foreign and commonwealth affairs today.

In brief remarks after meeting with Duhalde, the British secretary of state for foreign and commonwealth affairs said: "We are very interested in enhancing relations between Argentina and the United Kingdom."

Rifkind added: "There are significant economic changes in Buenos Aires Province and we are interested in British investments in that province."

After emphasizing his "extremely friendly conversation" with the Buenos Aires governor, Rifkind noted: "This is good news."

After the meeting, Duhalde noted that they talked about trade between Argentina and the United Kingdom, emphasizing that "80 percent of trade operations involve my province."

The provincial governor noted that Rifkind "asked me many questions about Buenos Aires Province."

After indicating that Rifkind commented on the municipal and parliamentary elections in the United Kingdom today, pointing out that "there are no prospects of winning," the provincial governor denied that the Malvinas Islands conflict had been raised.

Duhalde indicated: "Today we mark another anniversary of the sinking of the cruiser Belgrano during the 1982 military conflict. Therefore, this would not have been the best day for raising this issue. In addition, it is not incumbent upon me to raise it."

Duhalde later met UK Deputy Prime Minister Michael Hesseltine, thus concluding the political talks of his visit to Europe. Duhalde's tour mainly involves meetings with entrepreneurs and bankers, within the framework of promoting the Eseba (Buenos Aires Province Electric Services Enterprise) privatization project, which is being pursued abroad by the governor.

Argentina: Chief of Cabinet Office Restructured

PY0205191896 Buenos Aires TELAM in Spanish 2029 GMT 25 Apr 96

[FBIS Translated Text] Buenos Aires, 25 Apr (TELAM) — President Carlos Menem today signed Decree 443/96, restructuring the Chief of Cabinet office. This follows a decision by Chief of Cabinet Jorge Rodriguez within the framework of the second state reform.

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A government source has said that the six secretariats have now been merged into three and the 12 under secretariats were cut to 8.

The Cabinet Secretariat, now headed by Miguel Sole, will absorb the functions of the Cabinet Coordination and Administration Secretariats which were led by Alberto Garcia Lema and Jorge Ramos, respectively.

The Strategic Control Secretariat, which is headed by Alberto Abad, will absorb the Fiscal Control and Planning Secretariats, which were led by Carlos Abihagle and Carlos Kesman, respectively.

The Congressional Relations Secretariat now replaces the Congressional Coordination Secretariat, and is headed by Nicolas Becerra.

The press office of the coordinating minister reports that the rearrangement of secretariats and under secretariats reduces the number of high-ranking employees from 18 to 11 (40 percent of the total) which represents a nearly 35 percent saving of its budget.

This represents a saving of 2,073,651 pesos. The budget has been cut from 5,185,740 to 3,112,089 pesos.

The Administration and Cabinet Under Secretariats depend on the Cabinet Secretariat.

The Institutional Relations, Fiscal Affairs, and Control and Strategic Projects Under Secretariats depend on the Strategic Control Secretariat.

The Congressional Administration, Information, and Congressional Liaison Under Secretariats depend on the Congressional Relations Secretariat.

Argentina: Former Chief of Cabinet Bauza Elected Senator

PY0205232996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1438 GMT 2 May 96

[FBIS Translated Excerpt] Mendoza, 2 May (NA) — Former Chief of Cabinet Eduardo Bauza was elected today as senator for Mendoza Province, replacing Jose Octavio Bordon who resigned in February.

During a special legislative assembly this morning, Bauza was supported by the Justicialist [Party — PJ] and UCR [Radical Civic Union] blocs. [passage omitted]

Brazil

Brazil: Resolution To Reduce Textile Imports Issued

PY0205230496 Sao Paulo AGENCIA ESTADO in Portuguese 1722 GMT 2 May 96

[By Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 2 May (AE) — After posing demands for more than one year, the textile sector managed to make the government issue a resolution establishing minimum prices for a list of 100 textile products. The list will be sent to the Banco do Brasil. Under this resolution, importation of those products will not be allowed if prices stand below the minimum price established in the list. This information has been confirmed by Luis Americo de Medeiros, president of the Brazilian Textile Industry Association. He explained that this resolution will improve the situation of the sector, which could not compete with the low price of imported products.

The list was made with the help of the textile industry. The sector, Medeiros said, produces more than 900 items, and the ones that were most badly affected by cheaper imports were included in the list of 100 products. Medeiros noted that in addition to the list of 100 products, the Finance Ministry has a decree creating import quotas for products coming from Taiwan, the ROK, China, and Panama. He explained that those countries engage in dumping practices, selling products at prices below the international level. "If any of those countries do not comply with the quota system, its quota will be reduced by 35 percent if it wants to again sell its products to Brazil. Quotas will remain in force for three years," Medeiros said.

Brazil: Editorial Analyzes Foreign Policy Guidelines

PY0305030596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 May 96 p A3

[Editorial from the "Notes and Information" Page: "Foreign Policy Guidelines"]

[FBIS Translated Text] The president has traditionally outlined his foreign policy guidelines in the speech he delivers on the Day of Diplomats. This year, the president and the foreign minister shared this task. Overwhelmed by a series of commitments and solemn events, the president — a prisoner of his own style — made an impromptu speech on some topics, just like he apparently did at the ceremony during which the Land Reform Minister was installed. Results were poor. The speech was marked by verbosity and unclear concepts, two improprieties that a chief of state should avoid

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whenever possible, because his words usually shape what he and his subordinates will do.

Rio Branco Institute students thus received a less disappointing view of the world. Because of its remarkable influence on major variables of the foreign policy and of the political and economic life of nations, globalization deserves careful analysis, identifying the ties between this trend and our country's foreign policy. Divergence over the subject, however — in addition to being irrelevant for the analysis that gives support to the strategic planning of Brazilian foreign policy — will add nothing to the operational skills of young diplomats. Because of this vagueness, the officials of friendly countries in charge of analyzing Brazilian foreign policy, must have also been very puzzled at what the president meant to say when referring to Brazil's interest in the United Nations reform.

As for the meaning of the recent events in Paraguay, the president was strictly concise. He merely recalled, opening a parenthesis in his speech, that the spirit of the Treaty of Asuncion does not admit, within the context of the common market, a break of the institutional order. This reference is far too subtle for those who are concerned about the promotion of values through foreign policy, and who hold democracy and freedom in high regard. Purists will say that going beyond that would have entailed unacceptable meddling in Paraguayan affairs. However, a conception of the world based on the universal predomination of values — a conception that admits, as a consequence of globalization, international guidelines for trade, human rights, and environmental preservation — will not justify the exclusion of democracy. Especially because the defense of democracy is unequivocally identified with the national interest, because of the easy coexistence of identical regimes and because democracy is the foundation of legal society, which conditions a substantial part of the economy of the four countries. Furthermore, the democratic preaching does not necessarily have to aim at Paraguay, even if this country is the object of our attention and our concern. Considering that democracy is a universal value, it should be treated accordingly, allowing Brazil — as a good neighbor — to offer its help to someone who wants to improve its democratic institutions. Many things can be done from this viewpoint, preserving the national interest without giving the people across the border an impression of arrogant superiority, but only an impression of a desire to cooperate in a shared cause.

To the benefit of Rio Branco Institute students and of those who are interested in foreign affairs, the president's speech was supplemented by Lampreia's speech. Lampreia's speech permitted the young diplomats and the other people to impartially become aware of the foreign policy guidelines, along with basic professional orientation.

Two guidelines given to the diplomats should be emphasized: to remain open to changes without giving away tradition and principles; and to try to put the inevitable world changes at the service of the country. Those who will apply such recommendations need a sound mental balance and a keen knowledge of national reality. The lack of an open mind, in the crucial years in which foreign policy was designed by Itamaraty, led the Foreign Ministry to base Brazilian foreign policy on tradition and principles, in a vain attempt to keep the country immune to the deep transformations that were happening despite our own will. Minister Lampreia's speech noted that we have overcome that type of paralysis. On the other hand, foreign policy operators and designers need to be very sharp to identify the "inevitable" alterations in the world. Not all persisting trends are inevitable alterations, and a few of them have certainly been produced by variables — or sets of variables — which were not given the appropriate attention at the right time. Moreover, the problem does not lie in the diagnosis alone. It also depends on the moment the diagnosis is made and on the analyst's capacity to convince others. In the final analysis, history is full of important yet extemporaneous discoveries, which kept their authors anonymous and their countries in the dark.

Brazil: Cardoso, Governors Discuss State Debts

PY0205181296 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Apr 96 p A6

[Report by Liliana Enrique Lavoratti and Renata Verissimo in Brasilia]

[FBIS Translated Text] The 26 governors who met yesterday in Brasilia left with just one gain: President Fernando Henrique Cardoso, with whom they met at Planalto Palace, has designated Pedro Parente, the Finance Ministry executive secretary, as the federal government official in charge of discussing the rescheduling of state debts with them. The governors want a reply within 20 days. They also lodged claims with the legislative and judicial branches.

The governors' main requests are that the period for repaying their debts to the federal administration be extended and that the interest charged on these debts be reduced, including those on debts rescheduled two years ago and again in December 1995. The governors are members of different parties. They support the elimination of job security for public servants through the administrative reform, but demand that the federal administration act in the social area.

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The judicial branch is considered the main culprit in the financial crisis experienced by the state administrations, primarily because the courts have issued injunctions ordering governors to pay large compensations to workers. Sao Paulo Governor Mario Covas expressed indignation that "a mere judge from the interior" issued an injunction ordering the state to pay 4.5 billion reals [R].

The governors set aside a basic document drafted by Rio Grande do Sul Governor Antonio Britto. Two versions of it were discussed: one established a position that would be very favorable for President Cardoso; the other focused on peripheral rather than central issues.

Brasilia Governor Cristovam Buarque hosted the meeting. He submitted a second draft that emphasized the need for federal and state administrations to work together to promote social issues — such as agrarian reform, employment programs, and public health and education programs. Yet the idea of conveying these requests orally prevailed. Governor Britto was chosen as the governors' spokesman.

Goias Governor Maguito Vilela said: "We chose to leave the basic document aside so we can further our discussions." In his document, Britto proposed that the salaries of public servants should be frozen whenever the states fail to comply with the Rita Camata Law — which establishes that salaries may not exceed 60 percent of the net revenues of each state. The document also proposes a cut in working hours with a view to cutting salaries, and suggests more aggressive actions to promote voluntary dismissals, as already been undertaken by some states.

Several governors who attended the meeting said that Covas played an outstanding role. For instance, it was he who came up with the idea of creating a committee to meet again with representatives of the federal administration within 20 days. The next meeting would be instrumental in discussing concrete measures, including answers from the federal administration to requests for debt rescheduling.

Parana Governor Jaime Lerner described the package of measures proposed to the federal administration as "our version of Proer [Program to Encourage the Reorganization and Strengthening of the National Financial System]." One of these measures suggests that Agrarian Debt Bonds (TDA) should be used as tender for expropriating land that would be used to settle rural families.

Another point mentioned by Lerner is that pension and retirement funds for public servants in the states would be revised. Lerner said: "Retirement checks account for 30 percent of the salary allocation in Parana State."

After meeting for four hours at the official residence of Gov. Buarque, the 26 governors went to Planalto Palace to confer with Senator Jose Sarney, president of the Brazilian Congress; and with Sepulveda Pertence, chief justice of the Federal Supreme Court. Reporter Mariangela Gallucci reported that Pertence offered to mediate in negotiations between the state administrations and courts to cut the number of injunctions against state administrations.

Sepulveda told the governors he is aware of the difficulties facing the states over monetary stability, but noted that the courts must apply the law. Regarding injunctions that order the payment of labor-related compensations, the governors proposed some alternatives, such as payment in installments. Pertence, who is scheduled to meet with the heads of state courts on 26 April, said he would convey the governors' proposal to them.

The governors noted that the monthly budget of state courts is "the Achilles' heel of the states." Pertence said the judicial branch fought for 90 years to obtain its financial independence and the administrations must now supply the budgeted funds.

President Cardoso yesterday promised the governors that the federal administration will help them resolve their debt problems. Cardoso noted, however, that these would be "temporary" solutions. He said: "We must change the constitutional provisions that limit or jeopardize action of our administration now that one-third of our term has already elapsed because, otherwise, we would devote the remainder of our term in a useless quest for solutions." Cardoso thus urged the governors to make a greater effort to obtain votes for the reforms among the congressmen from their respective states. He said: "I consider it essential to emphasize the significance of the reforms. The effective way to do this is by asking for votes in Congress."

Cardoso admitted that he was not happy with the outcome of the negotiations regarding the social security reform bill, which "fell short" of what the administration wanted. He warned that he will not negotiate the administrative reform proposal. He said: "Rather than promoting changes in the original proposal, negotiations at a certain point would only result in distortions."

Cardoso stated that all the states will enjoy the same conditions given to the state of Sao Paulo to put an end to the Central Bank intervention in the Sao Paulo State Bank (Banespa). He added: "The discussions involving Banespa was not a privilege for Sao Paulo." The National Bank for Economic and Social Development (BNDES) is paying off Banespa's debts from the proceeds of Banespa's assets.

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Following Governor Britto's allegation that state administrations inherited debts from previous administrations — which, he said, cannot be resolved only with the courage and resolve of incumbent governors — Cardoso answered that he "received the largest legacy of injustice and disorganization in this country."

Brazil: Central Bank Official Views Public Deficit

PY0305021696 Rio de Janeiro O GLOBO in Portuguese 28 Apr 96 p 46

[Interview with Gustavo Franco, Central Bank director for foreign affairs, by O GLOBO correspondents Silvia Faria and Adriana Chiarini, in Brasilia; date not given]

[FBIS Translated Text] [O GLOBO] Do you believe that concern over the public deficit is excessive because countries such as the United States coexist well with large deficits?

[Franco] No, concern over the deficit is never excessive. As we were once alcoholics, any small drink nowadays represents a problem. We have reasons to believe, however, that the nominal deficit will remain below 5 percent of the GDP this year, instead of the 7 percent of the GDP registered last year. We must, nevertheless, be careful about the deficit.

[O GLOBO] In a recent interview, (Planning) Minister Jose Serra attributed responsibility for the deficit to the increase registered in our reserves in 1995. He said that the interest rates push up the deficit because the administration had to contract a debt in order to reduce the admittance of dollars into the country.

[Franco] First, accumulated reserves do not increase the public debt, because the net foreign debt decreases when we accumulate reserves. Second, it is easy to realize that the domestic debt is more expensive than the foreign debt. As a result, when we alter the composition of the public debt by reducing the foreign debt and increasing the domestic debt, we increase the average cost of the overall debt. This is true. The cost of our domestic debt is equal to the exchange rate variation plus 14 percent (Treasury notes rate with exchange rate correction). Our reserves have a profit equal to the exchange rate plus 6.5 percent. We have a 7.5 percent difference between the cost of the two debts. This is, approximately, what our reserves cost us, but the reserves are an insurance the country is purchasing against crises abroad. The insurance costs 7.5 percent of the value of the asset. It is much cheaper to insure a car in Rio de Janeiro. In our current situation, we cannot manage without having an insurance, just like those who have a car in Rio de Janeiro should not fail to have insurance.

[O GLOBO] Isn't the facility with which one can obtain credit abroad leading us to dangerously replacing domestic savings for debts and dependence abroad?

[Franco] No. If you put a rhinoceros in a swimming pool, the swimming pool overflows. The economy has a pool of liquidity that can support private investment and, therefore, promote growth. With a deficit equal to 7 percent of the GDP, the administration dives into the swimming pool and the water spills over. As a result, very little is left for the private area. Credit for the private area disappears because the administration has used the resources.

[O GLOBO] As a result of this reasoning, will the interest rates remain high as long as the public area has a deficit?

[Franco] The rate remains high because there is an enormous entity, the federal administration, using all the resources of our economy. Last year, the federal administration borrowed 7 percent of the GDP — people are saying that the domestic debt has increased by more than 40 billion reals [R] — in order to finance the nominal public deficit. Any other explanation for the increasing domestic debt, such as for example the increasing foreign reserves, is less important. Our reserves increased by R12 billion and the deficit by more than R40 billion.

[O GLOBO] Is this why the administration has been seeking alternatives in the foreign market?

[Franco] Yes. This dispute for credit becomes easier to put up with if there is credit abroad. In the first months after the implementation of the Real Plan, people said that it would be important to have a current account deficit in order to have savings abroad. It is also important not to have a large current account deficit. This deficit gives us 3 percent more in savings abroad and makes the dispute for resources between the private and public areas a little easier. More than that, it is impossible. In 1980 and 1981, our current account deficit was equivalent to that of Mexico (7 or 8 percent of the GDP). Some people who were ministers at that time are nowadays criticizing our current deficit of 2.5-percent of the GDP. If the deficit were 7 percent or 8 percent we would become vulnerable abroad. Therefore, the maximum savings abroad can contribute with is 3 percent of the GDP. The rest must be achieved by reducing the size of the federal administration apparatus. The administration must reduce its costs. There is no magical solution to this problem.

[O GLOBO] What, therefore, is the appropriate growth percentage for the current stabilization stage?

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[Franco] In principle, there is no appropriate growth percentage. The ceiling will appear in the fiscal accounts because private investments always call for credit. If the administration has a deficit, this credit is withdrawn from the private area. There is not credit enough for all. The ceiling is not so much the private area's willingness to invest, but the public area's plans to occupy the private area's space. The foreign area does not worry me, not even if imports increase due to a higher level of domestic activities, because we currently have abundant foreign reserves.

[O GLOBO] Do prognostics for this year indicate a more moderate increase in our reserves?

[Franco] I have the impression that it is going to be so. Since the beginning of the year, we have been taking action to restrict the capital flow of certain categories, without harming others. Nevertheless, we will have to improve quite a lot the profile of capitals entering the country. We will undoubtedly reach record levels in the amount of direct investments entering the country. In addition, the public and private levels of indebtedness are improving consistently. We can perceive no difficulty in the foreign area.

[O GLOBO] Don't unpredictable events — rolling over of the state government debts, of the banks, of the farmers, and of the micro enterprises, as well as the capitalization of the Bank of Brazil — endanger the fiscal effort?

[Franco] No. Debt conversion into bonds and other things of that type — matching of accounts and canceling of debts, stretching of terms, and refinancing — have an impact on assets but do not have a fiscal impact. Their effect is, at least, distributed over a long period of time. When rolling over the debt of a state government, the federal administration ensures its payment.

[O GLOBO] How much does privatization effectively contribute to the effort of controlling the public deficit?

[Franco] I hope the contribution is reasonable. Just to see that the railway network is being privatized gives you great relief. From the fiscal point of view, the railway network was a too expensive state-owned company which incurred a great deal of expenditures. I do not know, however, how the results are being considered from the fiscal viewpoint. The most noble and commendable aspect of this privatization is to cancel the public debt.

[O GLOBO] Minister Jose Serra, however, has already announced that part of the resources resulting from the sale of the Light and Power Company will be invested in the Sepetiba Port.

[Franco] (silence).

[O GLOBO] Will eventual agreements for the state governments' debts be conditioned to promises to their adjusting the state finances?

[Franco] Yes. Relations between the federal administration and the state administrations should not yield wrong incentives. Wrong incentives occur when someone does everything wrong and is then saved by the federal administration. This, evidently, does not stimulate anyone to do things right. What the administration can do at the time of granting an inevitable rescue assistance is to charge from those who behaved badly the cost of the rescue services. In addition, the federal administration can never fail to give prizes to those who behaved well. It is a complex problem, due to the difficulty contained in granting people an equalized treatment.

[O GLOBO] Several states want not only to reschedule their debts, they also want new money from the federal administration.

[Franco] Of course the state administrations would like to receive free meals. Who wouldn't?

[O GLOBO] Within this context can we again modify the 1993 agreement contemplating rolling over of the contractual debt?

[Franco] No. This is a successful model. The contractual debt problem has been solved through Law 8727, and the discussion has already been terminated.

[O GLOBO] Is priority being given to the state-owned banks issue or to the state administrations' debts?

[Franco] Regarding the banks' situation, there are several options and several different situations. We have the case of the Banespa [Sao Paulo State Bank] and of the Produban bank (Alagoas). They consist of two different situations that require different solutions.

[O GLOBO] Only a few state-owned banks can join this program?

[Franco] Depending on how we construct the program, several banks can adhere to it.

[O GLOBO] Through compromising with the privatization program, or has the Central Bank given up this objective after the financial system crisis?

[Franco] The Central Bank has already defended a position that calls for privatization of the state-owned banks, particularly because there is very little space for feasible state-owned banks. This does not occur because the institutions must be dismantled. The problem is that the system as a whole is in an adjustment stage and the number of state-owned banks has to decrease. Be it

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by reducing the size of some of them, or because other banks will leave businesses, or because these will be privatized. There is no way of avoiding this process.

[O GLOBO] Who will be interested in buying those banks? Is it possible to privatize a bank as big as Banespa after all this crisis?

[Franco] The same kind of comments have also been made about the Banerj [Rio de Janeiro State Bank]. After the adoption of a successful model of hired administration, it is quite evident that Banerj's privatization is not only feasible, but is also giving the impression that it will be successful. There are very evident indications of interest. Rio de Janeiro's governor has shown a great deal of discernment when he had a different way of understanding the role of a state-owned bank. It is a bank that is already born with a good client, but a client that no longer dominates it and that from the commercial viewpoint has, therefore, all the required conditions to prosper. We believe that this model can be applied to other cases, and possibly in the case of Banespa also.

[O GLOBO] Have you already discussed this alternative with [Sao Paulo] Governor Mario Covas?

[Franco] No, we haven't discussed anything with the governor recently. The episode of the difficulties faced at the Senate has shown that it is very important to achieve cooperation among the three parties — the federal administration, the state administration, and the Central Bank. We are all responsible for whatever happens to Banespa, to its account holders, and to its other clients. Banespa is a Sao Paulo State asset and is important for the local economy.

[O GLOBO] Can IMF Director Michael Mussa's prognostic that there will be many bank mergers and liquidations come true?

[Franco] I have a certain reservation about accepting IMF macroeconomic prognostics due to the fact that, in the past, several of their prognostics have led us to issue so many letters of intent that did not prosper and, mainly, because the IMF has refused to make an agreement with us about perhaps the only letter of intent the terms of which we would comply with — the one associated to the Real Plan. Therefore, I am rather distrustful about the IMF qualifications to make prognostics on Brazilian macroeconomic matters. I simply consider the IMF director's comments unfortunate, without purpose, and out of place.

[O GLOBO] The federal administration has sent a message to the Senate requesting authorization to exchange new debt certificates for the old ones. Will this allow Brazil to attract more resources in the issuance of debt bonds than it did the two last times the country issued bonds in Japan and Portugal?

[Franco] Not necessarily. What one perceives, essentially, is that compared to the older ones the price of the new certificates show that there is more space for operations in which the term for payment of the debt can be extended or the cost of the debt can be made cheaper by exchanging the Brady certificates for the new ones. There is an opportunity there. One of these possibilities has been developed by the federal administration with the Goldman Sachs company. This enterprise asked us permission to conduct the operation with Mexico and we thought that it was a good idea to have someone conduct the operation first, so that we could observe the experiment.

Brazil: Italian Group Interested in Telecoms Sector

PY0205114296 Sao Paulo GAZETA MERCANTIL (Telecommunications Supplement) in Portuguese 23 Apr 96 p 4

[Report by Marco Antonio Monteiro]

[FBIS Translated Text] The Italian Government has made up its mind. At the end of the year it will transfer to the private sector the shares of the Societa Torinese di Esercizi Telefonici (Stel), an Italian state-run telecommunications group with annual sales worth $23 billion. The sale of the shares of the various enterprises of the group, which includes even publishing and printing enterprises, will be made in parts, making the deal more attractive to investors.

The privatization process has been set in motion with the contracting of 10 "advisers," who will make the appraisal of the enterprises and who will design the mechanism for the transfer operation, as in the case of — among others — Morgan Stanley, BZW, Young and Rubicam, JP Morgan and Mediobanca. The decision, made last week, definitively opens the doors for the group to take concrete steps toward operating in the Brazilian telecommunications sector as soon as the privatization program starts. The government-sponsored privatization bill, whose rapporteur is Deputy Arolde do Oliveira (PFL-RJ) [Liberal Front Party-Rio de Janeiro], and which provides for the opening of the market, bans the participation of foreign state-run groups in the privatization of the sector.

Enrico Graziani, director of the group's Strategy and Development Department, who recently visited Brazil, has reiterated the group's interest in the Brazilian market. He said the group intends to open an office in Brazil and form a consortium — with major Brazilian partners — to participate in the auction of the Rio

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Grande do Sul Telecommunications Company (CRT), which is owned by the Rio Grande do Sul government. The group wants to operate cellular phone services on the B band, which is reserved for private investment. The group is also interested in the emerging Brazilian cable television market.

The names of the Brazilian partners of the group is top secret. Graziani only said that they will be representative Brazilian enterprises. "We believe the CRT privatization process will set the guidelines for this type of operation, because it will be the first state-run telecommunication enterprise to be sold. It will serve as model for future privatizations. We will form a consortium to participate in the bidding in March. The document calling for the offers will be published in September," Graziani said.

He added that if there is an opportunity, the Stet group would also like to operate in the cable television sector, by offering products like "pay TV," "pay per view," inter-active television, and "home banking." "We have fiber optics technology and software to operate in this sector. In Italy, we have cable television projects which will demand a $6 billion investment over the next three years, to offer several products to 10 million consumers," he noted.

Stet renders telecommunications services in several Latin American countries (Cuba, Argentina, Bolivia, and Colombia), where it has already invested $1.5 billion. In Brazil, Stet offers environment and land remote sensoring services. It is also implementing a rural telephone project in Mato Grosso. "Latin America is essential for us. Yet we want to expand our activities in Brazil. We will open an office here to monitor our activities and to search for new deals. Our objective is not merely a financial participation in Brazilian projects, but also a strategic role in the industrial part, coupled with the offer of technology," Graziani said.

The Stet group has 180 enterprises and 132,000 employees. It is considered the world's sixth largest telecommunications operator. It renders cellular phone services to more than 4 million consumers.

Telecommunications services account for 74 percent of Stet's total sales, while manufacturing and installation account for 14 percent; printing services, 6 percent; information technology, 5 percent, and other activities, 1 percent.

Brazil: Significance of Cabinet Changes Viewed

96SM0269A Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Apr 96

[Article by Dora Kramer: "FH Wants Action Even With No Reform" — received via Internet]

[FBIS Translated Text] President Fernando Henrique [FH] Cardoso is going to demand, require, and talk about specific actions at the cabinet meeting he will hold this week. Originally scheduled for last Saturday, the meeting has been postponed until next Saturday, and it may even be held this week as soon as the government team is complete and the new ministers have been sworn in. The action is not related to the ministerial reform whose first stage was completed over the weekend.

Except for agrarian reform, a project that is now a priority with a solid prospect of being implemented—measures are already being drawn up and radical solutions have been agreed on with the new minister, Raul Jungman—President Fernando Henrique Cardoso knows that this reshuffle has not changed the administration.

The appointment of Deputy Francisco Dornelles, who was already helping the administration reverse resistant votes in his party, the PPB [Brazilian People's Party], reflects payment of a debt that was already due, and he will not have to do anything revolutionary as regards the policy of the Ministry of Industry and Commerce. Senator Arlindo Porto will protect the administration's stake in the PTB and the PTB's stake in the administration. Demonstrating an understanding of the limits of his power, the senator began discussing the ministry because of the need to decentralize research in the agricultural area. That was what he advocated in yesterday's interviews, perhaps especially because that was the only important subject remaining.

The minister of political coordination, Luiz Carlos Santos, represents a much greater change inside the administration than outside. As government leader in the Chamber of Deputies, Luiz Carlos was already acting as political middleman, dealing with the congressmen's problems, seeing that their demands were being met, and mapping out votes. What is changing, then, is that he will now do all that from inside Planalto Palace. It is a signal to the inside. Both Congress and Planalto Palace hope that as minister of political coordination, Luiz Carlos Santos will be in a stronger position to extract jobs, appropriations, and attention from those who control them: the other government ministers.

There are no expectations regarding the content of this ministerial reform with one exception: agrarian reform. And that was what the president was taking care of over

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the weekend as he gave his support to the measures submitted by Jungman for accelerating change in the rural areas. The new minister gave two important signals regarding the administration's current thinking: it will use provisional measures to achieve its objectives, thus signaling that it can no longer wait the time it takes for bills to move through Congress, and it will probably expropriate land for agrarian reform from those who owe large debts to the Bank of Brazil. At a meeting with his ministers, the president will add to those decisions other orders for action throughout the social area, which will now have a systematized plan that will be launched on the 6th. And any minister who does not come up with convincing answers will be a candidate for the replacement list in the second round.

Brazil: Mission of Political Affairs Minister Seen

96SM0269B Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Apr 96

[Article by Dora Kramer: "Dr. Freud Gets an Office in Planalto Palace" — received via Internet]

[FBIS Translated Text] If proximity to the chief and the new responsibilities of power do not turn the head of Luis Carlos Santos, the new minister of political coordination, inside out, something solid will be added to daily life at Planalto Palace. An obstinate critic of the political setup of the Office of the Presidency, Santos as leader in the Chamber of Deputies always made the most acid and crushing assessments of the mistakes committed there on the left side of Three Powers Plaza. Mistakes that reverberated negatively in Congress.

The examples are many, but at least two come to mind immediately: the disastrous handling of the vote on social security reform and defeat of the bill introducing social security contributions for inactive government employees. Luis Carlos Santos knew beforehand what was going to happen. The fact that the worst happened despite the leader's assessment points to two possibilities: either he was not listened to or the one who had no opportunity to hear what he had to say was the president of the republic.

If the former is true, Santos is not taking over his new job in a comfortable situation. He will have to build enough confidence to overcome a few palace barriers—with a lot of regard for the bureaucracy—and make himself heard. If, however, his predictions of disaster did not reach the president's ears, we must assume that either he did not say what he was thinking or he had no way to say it. It is also possible that his was the minority opinion.

The hope is that his new position will give him sufficient power and access to wean the president from his eternal belief that the results will always be favorable regardless of erratic decisions made during the process of coordinating matters that the administration wants approved by Congress.

Discreet and disciplined, the new minister knows perfectly well what exists above him. He knows that between him and the president of the republic, there is more than the doors and corridors separating their two offices. In particular, there are ministers whose long-standing ties with Fernando Henrique give them the power that comes from familiarity. Luis Carlos Santos is not taking that away from them. And being discreet and disciplined, he does not intend to.

In his mind he is perfectly aware that there are limits which he does not intend to combat. He will act as a buffer for the president, but he will never confront anyone in a clash for the upper hand in external brilliance or internal influence. His opponents can say what they want about Luis Carlos Santos, but foolish he is not.

This is so true that he got his start in government as interim leader (an inheritance from Itamar Franco), shared his job in Congress with Germano Rigotto, and was the target of a heavy bombardment that originated precisely in Planalto Palace and its immediate vicinity. It was being said in March of last year that he would not last until September as leader. He lasted much longer than that and became a minister exactly eight months after the date on which his term of office was supposedly going to end.

Gifted with impressive shrewdness, Santos does not waste time thinking about what is going on above his head; he prefers to counterargue that he took over with the full support of the upper echelon. He also ignores the questioner's remarks about Clovis Carvalho's presence as chief of the Civilian Household.

The point is that the person normally in charge of political coordination is the chief of the Civilian Household. But that will not be the case this time. Clovis is still there, and he is still the primary filter for everything having to do with the fate of the presidential staff. He is the one who decides whether the president signs crucial documents, and that is the way things will continue to be. Secretary General Eduardo Jorge Caldas may leave the scene.

At least that is the current belief. Although it sounds a little strange that Eduardo Jorge should want to resign when the administration's second year has barely begun, considering that he has been with Fernando Henrique as an adviser for years on end, the fact is that he does

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indeed prefer to leave the scene. No one in Congress will miss him.

Skill in serving as a psychiatrist's couch for Congress—a skill that Eduardo Jorge lacked—is a characteristic of the new solver of quarrels. Be they political or administrative. Like a Dr. Freud of the central savanna, Luis Carlos Santos unerringly detects what goes to the heart of his raw material. "Politicians shun that which will destroy them and run after that which will keep them in business." Jobs?

Obviously, the minister cannot manage to summon up horror at the idea, but he maintains his composure: "I don't control anything, not even an office boy in the administration." Not that he is opposed to a certain distribution, let us say, of strategic positions, but he rejects them for himself, "precisely in order to maintain political credibility."

But since jobs are also a finite commodity, one cannot expect to live on them alone. "Deputies and senators want to be listened to, cared for, and shown respect" is the diagnosis by our apprentice psychoanalyst, who is already promising as he takes office to end nonparticipation and democratize dialogue. Do not think, however, that tolerance is going to degenerate into a carnival: "I do not allow systematic opposition."

Nevertheless, his is not a mission without risk. The biggest of them is indicated by the minister himself: "It is that Freud might wind up stretched out on the couch."

Brazil: PT Tactics in Exploiting Para Massacre Viewed

96SM0269C Sao Paulo JORNAL DA TARDE in Portuguese 25 Apr 96

[Editorial: "Trying in the Ring" — received via Internet]

[FBIS Translated Text] The PT [Workers Party] Nucleus in Portugal—the Brazilian Workers Party has finally achieved Marx's and Lenin's dream of internationalizing the "proletariat"!—ordered a demonstration in front of the Brazilian Embassy in Lisbon against Fernando Henrique Cardoso's administration, the idea being to protest the massacre of 19 landless people in Curionopolis in southern Para a week ago. With the same objective, the PT's religious arm, the "progressive" CNBB [National Conference of Brazilian Bishops]—or could it be that the PT is the political arm of the bishops?—ordered the saying of seventh-day masses at various places around the country. Those masses were much more secular than religious in character.

Leaving aside the ridiculousness of actions like the one sponsored abroad by the PT—and by the way, could it be that the Brazilian ambassador, former President Itamar Franco, a recent sharp critic of his successor in the Presidency of the Republic, endorsed the protest?—what the PT "happening" in Lisbon, various party demonstrations in Brazil, and the CNBB's political masses prove is that the main objective of the leftists who supported Lula in the presidential election is to demoralize the administration and the president of the republic and back them into a corner.

It is an attempt to avenge the resounding defeat suffered in the first round of the 1994 presidential election. Cleanly defeated on the field, the PT and its allies want to change the results of the game in the ring. As far as the leftists are concerned, the "Presidency of the Republic" championship does not end when the referee ends the final game.

The tactic adopted by the PT and the leftists to win this "second" round with Fernando Henrique is the same as that employed when they lost to Fernando Collor de Mello. At that time, the PT sponsored a "third" round and, with the help of Collor himself, won a victory, thus canceling the opponent's victory. Now it intends to repeat its feat by trying to demonstrate that the ethical behavior of Fernando Henrique Cardoso's administration is the same as that of the Collor administration.

The PT and its allies began implementing that tactic in connection with the change in the foreign exchange "band," and they kept it up in connection with the Central Bank's intervention in Banco Economico and when shareholding control of Banco Nacional was transferred to Unibanco. They were unsuccessful in all three of those instances, and now they are exploiting the episode in Curionopolis with all their strength.

The only thing which the PT and the leftists who follow its orders do not do is fulfill the role of a serious democratic opposition, which is to debate the government's policies, analyze its proposals, support those in keeping with the national interest, and present alternatives to those that do not agree with their ideology. The PT does not engage in constructive opposition because it accepts neither the prevailing political order nor the prevailing economic order.

And that criticism comes not only from the PT's opponents. Deputy Jose Genoino has called upon the party, both in internal debates and in newspaper articles, to adopt less negativist attitudes. The PT does not agree with the social security reforms or the administrative and tax reforms being proposed by the administration, for example. That is its right. But no one knows what it is suggesting as an alternative to the administration's proposals. Its leadership even condemned an amended social security reform bill submitted by one of its own

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congressmen, Deputy Eduardo Jorge, a bill that many people within the administration itself considered to be better and more comprehensive than the document reported on by Deputy Michel Temer.

All of that makes it very clear to public opinion that Brazil's most radical leftists, headed by the PT, are not adapting to democracy—to the political and economic system in effect.

Brazil: First Reshuffle of FHC's Cabinet Examined

96SM0269D Sao Paulo ISTOE in Portuguese
1 May 96

[Unattributed article: "The Shop Owner" — received via Internet]

[FBIS Translated Text] *FHC [Fernando Henrique Cardoso] is reshuffling his cabinet and putting Deputy Luiz Carlos Santos in charge of cultivating the administration's cucumbers in Congress.*

Under pressure from his allied parties and backed into a corner by the massacre of landless people in Para, President Fernando Henrique Cardoso last week began the first major shakeup of his cabinet. His most daring action was to hand the newly created Special Ministry of Political Coordination over to the government leader in the Chamber of Deputies, Luiz Carlos Santos (PMDB [Brazilian Democratic Movement Party], Sao Paulo). Behind that pompous title, the old and well-known practice of trading jobs and favors for votes by deputies and senators has been institutionalized. "Being undeniably competent at fine stitching, he will be able to use the pen full of ink that he is receiving," said the president of the PMDB, Deputy Paes de Andrade (Ceara), whom Planalto Palace has regarded until now as one of the administration's most furious opponents in the National Congress. "I chose Luiz Carlos Santos because of his skill in negotiating with congressmen," explains FHC, who intends to continue handling political coordination at the wholesale level and to delegate to the new minister the task of bargaining at the retail level with the greedy rank and file in Congress.

Besides Santos, the ministerial reform also included the appointment of Raul Jungman, president of the Brazilian Institute for the Environment (Ibama) to head the Ministry of Agrarian Reform, the naming of Deputy Francisco Dornelles (PPB [Brazilian People's Party], Rio de Janeiro) to the Ministry of Industry and Commerce, and the replacement of Senator Jose Eduardo de Andrade Vieira (PTB [Brazilian Labor Party], Parana) as minister of agriculture. Deputy Benito Gama (PFL [Liberal Front Party], Bahia) is the new government leader in the Chamber of Deputies. Having been chosen to peel pineapples in the administration's relations with its rank and file in Congress, Luiz Carlos Santos had to solve some problems even before he was officially confirmed as Planalto Palace's political coordinator. Immediately after showing the Brazilian national soccer team's victory over the South African team on Wednesday afternoon, the announcer on the Globo Network's national news announced the cabinet change. His announcement took even the supporters of the reshuffle by surprise.

That leak demolished the plan put together by the president during a luncheon at Alvorada Palace on Wednesday the 24th. Fernando Henrique had met with Minister of Communications Sergio Motta, Minister of Planning Jose Serra, Chamber of Deputies Speaker Luis Eduardo Magalhaes, PFL President Jorge Bornhausen, and Santos himself to hammer out the reshuffle. Besides the confirmed changes, the plans also called for moving Minister of Industry and Commerce Dorothea Werneck to the Ministry of Agriculture. The Globo Network made its announcement before Dorothea could be notified by Minister of Education Paulo Renato de Souza, who had been assigned to tell her of the president's decision. There was chaos. Hurt because she did not know what was happening, Dorothea became depressed and even cried during a meeting with her advisers. Uncomfortable over the wear and tear involuntarily imposed on the minister, FHC paid her a consolation visit on Thursday evening. The damage in Congress was even greater. Although he had spoken to sectors in the PMDB and PFL, Fernando Henrique was concerned not to alert his other allies. The objective was to prevent possible negative reactions from occurring too soon and to try to avoid leaks by the administration's leaders in Congress—they being considered blabbermouths by the top leadership that had put the cabinet reshuffle together. The odd thing is that among those excluded from the operation was the PSDB [Brazilian Social Democracy Party] itself—FHC's party. Announcement of the news by the Globo Network caught the PSDB's leaders with their pants down. The party leader, Deputy Jose Anibal (Sao Paulo), learned of the journalistic scoop while he was attending a plenary session and declined to even comment on the matter at the time. Teotonio Vilela Filho, who had been president of the PSDB for only 72 hours, panicked at the news and telephoned the PSDB leader in the Senate, Sergio Machado (Ceara), who was also completely in the dark. Worried, Machado telephoned Minister Eduardo Jorge Caldas, secretary general of the Presidency of the Republic, who calmed him down. "There is not the slightest basis to it," Eduardo Jorge assured him, adding that the Palace would issue a memo denying the Globo Network's report.

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To Sergio Machado's indignation, Eduardo Jorge telephoned early that evening and confirmed that Luiz Carlos Santos had been chosen as the administration's political coordinator. At that point, the PSDB bloc in the Senate was on a war footing. "This is unacceptable; it shows a lack of respect," Machado protested at a meeting with his troops. Two hours later, at the home of Senate President Jose Sarney, Brasilia's top politicians were meeting for the former president's birthday party. Fernando Henrique himself was there. Coming across Minister of Communications Sergio Motta, the PSDB leader complained of the slight. "Calm down, we'll talk later," "Serjao" [Sergio Motta] temporized. On Thursday morning, Sergio Motta returned to the attack. Early that morning, he fired off telephone calls to the PSDB's leaders with the suggestion that he summon them for a meeting in his office. Offended, Jose Anibal snubbed the invitation. He sent word: "I will speak only with the president." Machado's reaction was even tougher. "Just imagine whether I have anything to talk to 'Serjao' about now," he said disdainfully. With the minister of communications out of favor among the PSDB's members, Fernando Henrique had to handle the crisis in the PSDB personally. On Thursday evening, he met with the top party leadership at Alvorada Palace, served whiskey, and distributed blandishments. With "Serjao" at his side, the president deplored the leak regarding the reshuffle. "The leak revealed absolute irresponsibility," FHC said. The minister listened quietly even though he was being fingered by the PFL and his own party as the one responsible for revealing the ministerial reform too soon.

Accused by Dorothea two months ago of wanting her spot in the cabinet, Dornelles reacted pathetically when he learned on Thursday afternoon that he was being announced as the new minister of industry and commerce. "It's a lie. They simply forgot to talk to me about it. I'm going to get another drubbing from Dorothea." In fact, the drubbing came from his own party. At the home of Epitacio Cafeteira (Maranhao), the PPB leader in the Senate, on Wednesday night, Sao Paulo Mayor Paulo Maluf tried as hard as he could to persuade the party to refuse a ministry which he thought at the time would be the Ministry of Agriculture. The ruralists in his party who were fighting stubbornly over that post did not accept his arguments. Supported by a large portion of the party bloc, Deputy Vadao Gomes (Sao Paulo) was simply vetoed by Planalto Palace. Weighing against him was the fact that he had been a leader of the Rural Democratic Union (UDR) and that he had accumulated a fortune overnight.

With the PPB split, the ministerial reform came to a halt. "It is always the same people who meet and make decisions without telling us anything," complained Deputy Pauderney Avelino (Amazonas). In an attempt to resolve the deadlock, the party president, Senator Esperidiao Amin (Santa Catarina), and Cafeteira went to seek the help of Amazonas Governor Amazonino Mendes. With the two senators looking on, Amazonino telephoned Pauderney. "You need to act cautiously and calmly. I'm going to make you pay for this later," he threatened. The rebels were defeated, and Amin notified the PPB Executive Board of FHC's intention to take Dornelles into the administration. To soften Maluf's defeat, he said he had informed Fernando Henrique that the PPB's support did not extend to the bill on reelection.

While trying to put out the fire in the administration's rank and file, Luiz Carlos Santos achieved a considerable victory as early as Thursday. He skillfully brought about surprising unity within the PMDB in support of his new job in the administration. To do so, Santos had said that he would have enough merchandise on his shelf in Planalto Palace to satisfy his allies' appetite for favors and jobs. Santos also bewitched his party's leaders when he discussed the presidential succession. If the bill on reelection does not pass, the new minister is promising to do his best to win FHC's support for former President Itamar Franco's candidacy for president.

There is nothing to indicate that Santos' kind words to the PMDB mean anything at all. Two weeks ago, a congressman commented that if he were appointed to Planalto Palace, he would facilitate approval of the amendment allowing reelection. "With me in the palace, the president will remain in office not just eight years, but 16 years," the new minister observed. And in fact, Santos' main task will be to obtain congressional support for making Fernando Henrique's reelection possible. To do that, he will stitch together approval of the bill calling for a plebiscite to decide the issue. That plebiscite would be held simultaneously with the municipal elections on 3 October. To be approved by Congress, the bill, authored by Deputy Marcio Fortes (PSDB, Rio de Janeiro), requires support by a simple majority of those present at the plenary session.

Unlike the PSDB leaders, who were surprised and did not like the selection of Santos, the top PMDB leadership was treated with special deference this time by Fernando Henrique. On Monday the 22d, at the end of a meeting held by the heads of the three branches of government to discuss agrarian reform, FHC told Sarney that he needed to talk to Jader Barbalho. Back in Congress, Sarney telephoned the PMDB leader, who was in Belem, and conveyed the message. "Do you know what it is about?" Jader asked. The president

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of the Senate answered: "Get ready. It is probably about a ministerial reform." When Jader arrived at Planalto Palace at 1630 hours on Tuesday, Fernando Henrique opened the bidding. He said he was thinking of transferring Minister Odacir Klein to the new cabinet, choosing someone in the PMDB for Transportation, and naming Deputy Francisco Dornelles (PPB, Rio de Janeiro) to Agriculture. "I would like to make Luiz Carlos Santos the administration's political coordinator. What do you think?" FHC asked. The PMDB leader, who had long been advocating the creation of such a post, did not conceal his enthusiasm for what he was hearing. "The administration has been faced with artificial crises in Congress precisely because it lacks someone to take care of the political details," he said. At 1900 hours that same day, FHC telephoned Sarney and asked what the former president thought of choosing Santos. "I don't see any objection; he can make a great contribution to the administration," Sarney answered.

Known as a political operator ever since the time he spent helping Governor Orestes Quercia win battles in the Sao Paulo Legislative Assembly, Santos stamped his passport to Planalto Palace during the first round of voting on social security reform. Backed by FHC, he reiterated the policy of "it is by giving that one receives" and turned around votes in practically all the parties, chiefly the PMDB.

Entrusted by the president with strengthening his congressional base of support, Santos lost no time. On Thursday morning he reached an agreement with the speaker of the Chamber of Deputies, Deputy Luis Eduardo Magalhaes (PFL, Bahia), that in addition to his office in Planalto Palace, he would also be given space in Congress for dealing with deputies and senators. With Senator Antonio Carlos Magalhaes [ACM], Santos held a more pragmatic talk over lunch at a restaurant in Brasilia. "Your first task is to map out in detail the various jobs filled by people appointed by congressmen and the demands that have not yet been met," ACM told him.

ACM's advice is being followed to the letter. Circulating among government supporters late yesterday afternoon was a survey which, even excluding the possible losses caused by people dissatisfied with the ministerial reform, records the loyalty of 343 deputies, or 35 more than needed to approve constitutional amendments. "The rightness of the changes will be seen on the electronic board in the Chamber of Deputies when the next few votes are taken," says Minister of Communications Sergio Motta, one of the main organizers of the reshuffling of ministers.

In his first test of political coordination, Luiz Carlos Santos was instructed by FHC to find someone in the PTB for the Ministry of Agriculture. The candidate had to be acceptable to the president while also keeping the party united. On Wednesday the PTB's members started battling for the spot reserved in the Ministry of Agriculture for Dorothea. By threatening to leave the bloc that guarantees the PFL its position as majority party in the Chamber of Deputies, they gained an influential ally. On that same night the PFL leader, Deputy Inocencio Oliveira (Pernambuco) visited Planalto Palace and came away with the guarantee that the PTB would get the Ministry of Agriculture. At least 10 of the 28 PTB deputies were vying for the spot. In the midst of the campaign, Deputy Nelson Marqezzelli (Sao Paulo) managed to collect signatures of support from 20 of his party's congressmen, but his name did not make it through Planalto Palace's screening process.

Concerned about the impression that his post would be a genuine congressional shop for selling favors, Luiz Carlos Santos persuaded Fernando Henrique on Friday morning to change the name of the new ministry, which was originally going to be called the Special Ministry of Congressional Affairs. Besides providing a broader range of authority thanks to the name change—it is now the Ministry of Political Coordination—the new name theoretically causes the position to lose its pejorative character as a mere instrument for bargaining with congressmen. Essentially, however, nothing has changed. "As minister, I will have power, and I will make good use of it," Santos announced in a talk with leaders of his party.

Chile

Chile: Union Leader Criticizes Government in 1 May Speech

PY0205230596 Santiago EL MERCURIO in Spanish 2 May 96 p C4

[FBIS Translated Excerpt] During a speech on 1 May, Roberto Alarcon, chairman of the United Workers Confederation (CUT), criticized the government for its performance in the health, education, housing, and social security field and demanded a minimum salary of 105,000 pesos.

Alarcon demanded a labor reform to harmonize the relationship between employees and employers, and commented that in Chile there are 1.5 million underemployed workers, do not have a collective work contract nor social security coverage, and are affected by antiunion practices.

Alarcon added: "Poor salaries and new increased contributions come on top of the common practice used

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by many businessmen to avoid paying legal bonuses or overtime to workers."

He accused the authorities of not fulfilling the Coalition of Parties' government program and urged the State to guarantee equal opportunities for all. He said: "The government must remember why it was elected."

Alarcon criticized the political parties and legislators for what he considers intervention in the internal affairs of the labor union organization. He asked them to guarantee respect for rights — such as the freedom to become organized in unions — and truth and justice in human rights.

Alarcon's speech was applauded by demonstrators who reacted with slogans and shouts referring to the Communist Party and people under arrest for political reasons. The crowd carried flags of the Communist Party, the Manuel Rodriguez Movement, and the Christian Leftist Party. There were also Movement of the Revolutionary Left banners, and images of Che Guevara. [passage omitted]

Chile: Coalition Alliance With Communists Said Unlikely

PY0305004196 Santiago EL MERCURIO in Spanish 2 May 96 p C3

[FBIS Translated Excerpt] Jaime Estevez, chairman of the Chamber of Deputies, voiced full agreement with Carlos Altamirano, former PS [Socialist Party] secretary general, that the Coalition of Parties for Democracy [CPPD] represents a strategic alliance for socialists and, therefore, there is no room to think of the reorganization of an eventual political alliance with the communists following the developments with the CUT [United Workers Confederation].

The socialist legislator said the crisis that hit the CUT was the result of excessive pragmatism by PS union leaders in their determination to become CUT leaders, but noted that this by no means affects the party's national alliance policy, which is reflected in the CPPD.

Estevez thus commented the proposal made on 29 May by former socialist leader Carlos Altamirano who said at a meeting that there is no chance that the Christian Democratic Party [PDC] and the PS could define an alliance strategy different to the one currently shared within the governing coalition because it would thwart a historic possibility of promoting a proposal for change.

Altamirano said the PDC and the PS share the same humanitarian and progressive spirit which, therefore, makes an eventual alliance with rightist sector or communists unfeasible due to the militarist tendency that still rule the rightist sector and the dogmatism that characterizes the socialists. [passage omitted]

Jaime Estevez, who belongs to the renewal faction of his party, commented that the PS' policy seeks to maintain the CPPD as a strategic alliance and, from that viewpoint, he considers what happened within the CUT very negative because, in his opinion, it represents an erroneous sign of the socialists' commitment with the governing coalition.

He said the CUT is an important organization nationwide and, therefore, the PS nationwide alliance policy must be reflected within that organization. He said, however, the PDC has overreacted to the developments and has proposed a solution that clearly violates the CUT's autonomy and definitively weakens the main workers' organization that has been plagued by a crisis for some time now. [passage omitted]

PDC Chairman Alejandro Foxley said the agreement signed on 25 April by CPPD member parties to not establish alliances with the PC in any election should help the people see in what direction the CPPD policy will go.

He recalled that his party has always favored the CPPD but not a Broad Front that includes the PC, as suggested by some before the 1990 presidential election because the country requires statability and a policy that will bring peace and security to the people, which is not compatible with extremist stances.

He added that for some time now he has been worried because the CPPD's guidelines were being disrupted, especially within social organizations. [passage omitted]

Chile: Insulza Accepts Peruvian Reversal Notes Proposal

PY0205231696 Santiago EL MERCURIO in Spanish 30 Apr 96 p C2

[Article by Sergio Velasquez]

[FBIS Translated Excerpt] Valdivia — Foreign Minister Jose Miguel Insulza has confirmed the announcement made by Peruvian Foreign Minister Francisco Tudela about accepting the mechanism of reversal notes or any other simple formula that would allow them to overcome the pending clauses of the 1929 Treaty.

That treaty fixed the current border leaving Tacna under Peruvian sovereignty and Arica under Chilean domain. Despite that agreement, Article 5 of the treaty and Article 2 of the complementary protocol have not yet been fulfilled. [passage omitted]

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Jose Miguel Insulza confirmed in Valdivia that the reversal notes or any other simple mechanism would be the best way to fulfill the 1929 Treaty.

In this regard, Insulza said that he shares Tudela's idea that it is not necessary to draw a new treaty to fulfill the previous one "because this could lead to what experts call 'excess of treaties,' which are never a good system of agreement."

In addition to the juridical and political advantages the notes have over the Lima Conventions, Insulza explained that there are also "practical advantages" because issues that are not directly related to the fulfillment of the 1929 Treaty obligations can be excluded.

Insulza added: "Before, we had issues such as the Chinchorro property, transportation matters, border problems or obligations about the museum of history in the Morro de Arica hill. The inclusion of these issues probably obstructed or separated the attention from the central issue, which prolonged the discussions unnecessarily."

Insulza said he is happy that after talking with Tudela in Cochabamba, Tudela publicly proposed the reversal notes because this issue could then be discussed together. He added that in case a satisfactory agreement in reached, it will be a way for solving the problems between the two countries.

Insulza said: "This rapprochement is important because it will allow us to put an end to problems of the 19th Century and to concentrate on the problems of the 21st Century."

Insulza concluded by saying that in case the reversal notes or any other formula are used, what happened to the Lima Conventions will not occur — when they were withdrawn from Congress by President Alberto Fujimori — because as there is no need for congressional approval the issue concludes.

Chile: Germany's Kinkel Begins Official Visit

PY0305120196 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 3 May 96

[FBIS Translated Text] German Foreign Minister Klaus Kinkel today said that Germany is determined to increase its investments in Chile and its scientific-technological cooperation.

Kinkel started his official activities in Chile with a meeting with his Chilean counterpart. He also held a meeting with the Chilean finance minister and walked to La Moneda Palace.

During the long meeting he held with President Eduardo Frei, Klaus Kinkel praised the boom experienced by the Chilean economy and compared Chile with a puma that is emerging strong and robust in Latin America.

Chile: Accord With EU Marks 'New Era' in Relations

PY0205211196 Santiago EL MERCURIO in Spanish 27 Apr 96 pp A1, A27

[Article by "special correspondent" Elia Simeone]

[FBIS Translated Excerpt] Brussels — With the signing of the cooperation framework agreement, a new era began yesterday in bilateral relations between our country and the EU.

The process will involve strengthened political dialogue; a mechanism for the preparation of trade liberalization; the strengthening of economic ties, especially concerning investments and services; and expanded cooperation in several sectors.

The Chile-EU agreement is unprecedented for the Europeans and represents a "quality certification" for our country. In spite of the well-known European position of privileging dialogue with other blocs, it recognizes the political and economic stability of our country among Latin American nations.

Special evidence of this can be seen in the joint communique that was distributed yesterday to the press following the signing of the agreements. While for our country this agreement is "a significant step in its open regionalism policy," for the EU the negotiation implies the recognition of "the qualitative importance of Chile and its role in Latin America," bearing in mind the integration process in the region.

The new agreement has four main elements:

1. The institution of a top-level political dialogue and a tight relationship between the European Parliament and the Chilean Congress (this latter aspect is the subject of an annex of the agreement);

2. The preparation of a progressive and reciprocal liberalization of trade, considering the sensitiveness of some products, and under the rules of the WTO;

3 and 4. The incorporation into the economic and cooperation fields of areas such as investments, services, intellectual property, customs, public contracts, society of information and telecommunications, industrial and agricultural cooperation, science and technology.

The signing of this new instrument implies the conclusion of an intensive diplomatic initiative that lasted two years when national negotiators convinced the Europeans that Chile has gained the right to its own relations with the EU.

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The signing of the agreement was confirmed for the European Council that will be held on 22 June in Florence.

The agreement must now be ratified by the Chilean Congress, but because of its "mixed" nature — according to the legal organization of the EU — some aspects go beyond the communitary jurisdiction and must be endorsed by the congresses of the 15 countries of the bloc, a process that could take 18 months.

Nevertheless, and to guarantee the continuity of relations, it was agreed to implement the agreement from the moment it is signed, and to implement it in all aspects that could be promoted until the ratification process is completed.

Although it is not in the spirit of the negotiators to make adverse comparisons, it was said that the content of the bilateral agreement differs from that signed by the European bloc and the Common Market of the South (Mercosur). [passage omitted]

The text of the agreement that was signed has 44 articles under the following titles:

I. On its Nature and Implementation;

II. On Political Dialogue;

III. On Trade — which refers to cooperation and the preparation of a trade opening. Actions to be followed are hereby specified: normalization, credits, certification, methodology, evaluation of consent, cooperation in customs matters, temporary imports of merchandise, cooperation in the field of statistics, cooperation concerning intellectual property;

IV. - On Economic Cooperation — which refers to industrial and business cooperation, services, promotion of investments, scientific and technological cooperation, energy, transport, information and telecommunications, protection of the environment, agriculture, and the rural area;

V. - Other Areas of Cooperation — which includes social development, public administration, regional integration, inter- institutional cooperation, communications, information, and cultural matters, and training and education, drugs and drug trafficking, protection of consumers, triangular cooperation;

VI. - On Means for Cooperation — which means the European Investment Bank is hereby invited to intensify its action in Chile;

VII. - On the Institutional Framework — which creates the Joint Council of Cooperation Framework Agreement and the Trade Subcommission;

VIII. - Final Dispositions — which includes the so-called evolutionary clause and refers to territorial applications.

Colombia

Colombia: Prosecutor Orders Attorney General's Arrest

PA0305004896 Madrid EFE in Spanish 2259 GMT 2 May 96

[FBIS Translated Text] Santa Fe de Bogota, 2 May (EFE) — Colombia's Prosecutor General's Office today ordered the arrest of Attorney General Orlando Vasquez Velasquez, who has been accused of illegal enrichment stemming from the alleged management of drug-trafficking money during the 1994 electoral campaign, sources from the institution have reported.

The Prosecutor General's Office issued "an arrest warrant consisting of a precautionary arrest without the benefit of bail" against Attorney General Vasquez at the request of the Supreme Court of Justice [CSJ], which on 26 April demanded he be suspended for three months.

Vasquez, who belongs to the ruling Liberal Party and was elected attorney general in 1994, was accused by the CSJ of presumably hindering the Prosecutor General's Office's investigations and manipulating witnesses to prevent proceedings against him.

The Prosecutor General's Office is studying where the attorney general, who is responsible for administrative surveillance, could be held. It seems that he will be taken to a detectives school in northern Santa Fe de Bogota.

Colombia: Prosecutor General Denies Intent To 'Persecute'

PA0305045996 Madrid EFE in Spanish 0311 GMT 3 May 96

[FBIS Translated Text] Cartagena (Colombia), 2 May (EFE) — A few minutes before learning that an warrant of arrest had been issued for Attorney General Orlando Vasquez on illegal enrichment charges, Colombian Prosecutor General Alfonso Valdivieso said today that he does not intend to persecute or harm anyone.

Valdivieso was at the Colombian Banking Association's annual meeting, held in Cartagena, when he learned that a department of the Prosecutor General's Office had ordered the arrest of Vasquez, with whom is disagrees sharply.

"We have always expected our work to be appreciated. We wish it to be understood that we persecute no one,

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that we have not opened an investigation against a specific person, and that we are not seeking to harm anyone in particular," he said.

Valdivieso directs Case 8000, a comprehensive investigation of dozens of lawmakers — six of whom are already behind bars — three ministers, and even President Ernesto Samper, for the reported financing of the 1994 presidential campaign with Cali Cartel funds.

We have been very selective and this certainly has allowed us to make progress in the investigations, even though they may affect individuals that are representatives," Valdivieso added.

Valdivieso pointed out that "the Prosecutor General's Office has not provoked the country's current situation, unfortunately, his office has brought it to the surface." Valdivieso refrained from talking about the attorney general, who has been accused of obstructing justice regarding an investigation into his alleged illegal enrichment and for planning the removal of the prosecutor general.

Later, having been informed that the assistant prosecutor to the Supreme Court had ordered the arrest of the attorney general, Valdivieso's only remark was: "The process continues."

The Prosecutor General's Office should render its decision next week regarding Interior Minister Horacio Serpa, Foreign Relation Minister Rodrigo Pardo, and Communications Minister Juan Manuel Turbay, former directors of the Samper presidential campaign, who have already testified before the Supreme Court's assistant prosecutors.

Colombia: Communique Issued on Attorney General's Case

PA0305023396 Madrid EFE in Spanish 0059 GMT 3 May 96

[FBIS Translated Text] Santa Fe de Bogota, 2 May (EFE) — The Colombian Government said today it is confident Attorney General Orlando Vasquez Velasquez, whose arrest was ordered by the Office of the Prosecutor General of the Republic for the alleged crime of illegal enrichment, will be able to clear the charges against him to prevent a vacuum of power in his office.

The Office of the Prosecutor General of the Republic issued an arrest warrant against the Attorney General after indicating there is "hard evidence" that ties him to the cashing of checks issued by facade organizations owned by the Cali cartel.

A document from the Colombian Presidency states: "The government hopes that the Attorney General will be able to explain his conduct and clear the charges against him, during the process to which he is entitled."

The Colombian Government also stated "its willingness and wish to cooperate so the necessary legal measures are adopted, based on the Constitution and the law, to guarantee the normal activities of the Attorney General's Office."

The Supreme Court of Justice last week requested Vasquez Velasquez' suspension for three months, which could be extended. He is charged with obstructing investigations conducted by the Office of the Prosecutor General of the Republic regarding his alleged ties with the Cali cartel.

The Supreme Court of Justice is also investigating him for the alleged use of false witnesses to file charges against Prosecutor General Alfonso Valdivieso, highest authority in charge of an investigation for the alleged infiltration of drug money in the 1994 electoral campaign of Colombian President Ernesto Samper and dozens of congressmen.

Colombia: Accusations Commission Representative Resigns

PA0305013496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 2 May 96

[Report by Anna Fernanda Valderrama from the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 3 May]

[FBIS Translated Text] Representative Francisco Canossa has resigned from the Accusations Commission. In a harsh letter, Canossa criticizes the way the investigation on President Ernesto Samper has been conducted.

Canossa has left the Commission because he disagrees with the way Heyne Mogollon investigated the president.

[Begin Canossa recording] My presence on the Commission has no reason for being because my ethical principles disagree with the things that are being done by the Commission. [end recording]

Canossa says in his letter: It would be useless and a sign of cowardice to endorse with my silence a decision that certainly responds more to inadmissible interests than true political, moral, and juridical purposes.

According to Canossa, winds contrary to morals blow in the investigation. He believes that those who have taken a passive stance regarding the investigation are,

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quote, lazybones who bleed the community and hamper the country's moral and economic growth, unquote.

Before resigning his position on the Commission, Canossa had unsuccessfully tried twice to have Samper asked other questions.

[Begin Canossa recording] In my opinion, the questions that Dr. (?Giner) asked lead nowhere. [end recording]

He said that the House of Representatives' plenum will maintain its critical position when Mogollon's report is brought up for vote.

Colombia: Case 8000 Said To Limit Samper's 'Maneuvering'

PA0205170196 Santa Fe de Bogota EL TIEMPO in Spanish 1 May 96

[Received via Internet]

[FBIS Translated Text] Sixteen senators and six Chamber representatives, all from the Liberal Party, said today that Case 8,000 has deprived "the term of President Ernesto Samper of the maneuvering room and legitimacy required to implement his government program." They said this has foiled "the Liberals' wish to promote a great strategy for economic and social development without the slumps, interruptions, and ups and downs that have resulted from the attention the government leaders have had to pay to the so-called Case 8,000."

According to information provided by the office of Senator Juan Martin Caicedo, the following have signed the document in addition to him: Rodrigo Villalba, Piedad Cordoba, Fuad Char, Parmenio Cuellar, Eugenio Diaz, Armando Estrada, Luis Guillermo Giraldo, Gabriel Camargo, Gerardo Dominguez, Omar Florez, Adolfo Gomez (Fuad Char's list), Mauricio Jaramillo, Luis Eladio Perez, Camilo Sanchez, Eduardo Pazos, Ricardo Lozada, Carlos Ardila Ballesteros, Rodrigo Echevarri, Antonio Alvarez Lleras, Gonzalo Botero, Alegria Fonseca, and Ines Gomez de Vargas.

The lawmakers requested that the proceedings on the president's responsibilities "be handled by the Chamber of Representatives with greater celerity in order to avoid dragging indefinitely a crisis that is undoubtedly beginning to have an influence on the perilous slowdown of the economy with its serious social implications."

They argued that they oppose the use of formulas entailing constitutional amendments to overcome the crisis. "Call it the final stop law or a political amnesty aimed at covering with a cloak of impunity illicit conducts society must eliminate." They did not rule out, however, the possibility of "a political reform being implemented (with the use of existing constitutional means) simultaneously, granting priority to fundamental topics such as the state financing of political campaigns."

The lawmakers also stated that the disputes being aired between the control corps and the judicial branch "should not continue to weaken their struggle against illicit actions."

Ecuador

Ecuador: Air Force To Purchase 16 New Fighter Planes

PY0205233396 Madrid EFE in Spanish 1648 GMT 2 May 96

[FBIS Translated Text] Quito, 2 May (EFE) — Citing military sources, the Guayaquil newspaper EXPRESO reported today that the Ecuadoran Air Force (FAE) will purchase 16 aircraft to replace 30 old planes that were decommissioned on 26 April.

FAE sources told EFE that the type of planes to be purchased is still under study. Some of the decommissioned aircraft participated in the undeclared war Ecuador and Peru waged between 26 January and 26 February 1995.

The newspaper sources said Ecuador "is not seeking an arms race, because it does not have the economic resources to begin one like that being conducted by Peru, which is negotiating the purchase of some 40 Russian MIG 29 and Sukhoi fighter planes."

EXPRESO states that Ecuador will invest about $40 million in the acquisition of 16 planes, including maintenance and pilot training.

Last Friday, the FAE decomissioned the AT-33 fighter and training planes during a ceremony attended by national and foreign press.

Ecuador, which maintains a historic territorial dispute with Peru, has repeatedly said it does not intend to begin an arms race and that the armaments acquired only seeks to provide the "necessary replacement" for obsolete materiel.

Ecuador and Peru are currently negotiating a peace agreement with the endorsement of the guarantor nations of the 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States), which are also overseeing the fulfillment of the 1995 peace treaties that prevented the armed conflict from becoming a total war.

Ecuador: Accord To Protect Investments Signed With Russia

PY0305021896 Quito Voz de Los Andes in Spanish 2300 GMT 2 May 96

[FBIS Translated Text] Ecuador has become the first Latin American country to sign an agreement for the

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protection of investments with the Russian Federation. Russian Deputy Economy Minister Vladimir Kossov has said this agreement will strongly promote bilateral trade.

Patricio Izurrieta, Ecuadoran economic affairs under secretary, said the visit marks the beginning of tighter relations between the Ecuadoran and Russian governments.

Izurrieta held a meeting with the Russian Deputy Foreign Minister Grigoriy Mamedov, authorities of the Russian Foreign Ministry Latin American Department, bankers, businessmen of the oil industry, and other Russian businessmen.

Paraguay

Paraguay: Union Leaders Arrested in Clash With Police

PY0205133396 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1120 GMT 2 May 96

[FBIS Translated Text] Workers are staging a general strike. You have already seen the video clip from Eusebio Ayala Avenue and Madame Lynch Avenue [aka Ultima Street] in the city of Asuncion — the central point of the protest rallies — where workers tried to prevent the free circulation of vehicles that were headed toward the downtown area, and were subsequently repressed by security forces, who resorted to all sorts of mechanisms to achieve their objective of deterring workers. We even saw that the police personnel were carrying firearms, which added an element of danger to the operation. The topmost trade union leaders — Alan Flores, CUT [United Workers Trade Union] secretary general, and Eduardo Ojeda, CNT [National Workers Federation] secretary general — were taken into custody.

In response to this, trade union representatives of public utility companies and the local telephone company have threatened to suspend these public services unless the top trade union leaders are released.

It is not very clear how many people were arrested. It seems that there are approximately 10 detainees. Some injured people were rushed to the Metropolitan Emergency Hospital. There are very few vehicles circulating through the streets. There are no classes at state-run schools. Still, we received a called from the city of Encarnacion telling us that schools are open.

As for public services, banking establishments, retail business, and airports are all working normally. This is the latest update on this fourth general strike called to demand a 31 percent wage increase and to condemn the Wasmosy administration's liberal policy. We will be right back.

Paraguay: Situation 'Seemingly' Normal at Scene of Clash

PY0205151696 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1418 GMT 2 May 96

[Report by Andy Aguero from Madame Lynch Avenue in Asuncion — live]

[FBIS Translated Text] Here we are at the intersection of Madame Lynch Avenue [aka Ultima Street] and Eusebio Ayala Avenue, where the first clashes between the police and trade unionists took place this morning. At this very place, several trade unionists were attacked and the topmost trade union leaders — Alan Flores, CUT [United Workers Trade Union] secretary general, and Eduardo Ojeda, CNT [National Workers Federation] secretary general — among others, were taken into custody. Things have seemingly returned to normal. Although few vehicles can be seen on the streets, few policemen remain and police controls are scarce. Personnel from the security forces have told us that they are leaving even if the word was that another group of demonstrators would march from here to Democracy Square [in front of the Guarani Hotel in downtown Asuncion], where the main protest rally will be held in the forthcoming minutes. Still, it seems that no more demonstrators will come here, so we will also leave. As you can see, only some policemen are posted at strategic points here at the intersection of Madame Lynch Avenue and Eusebio Ayala Avenue. Very few public transport vehicles can be seen on these streets, which on normal working days are teeming with buses. This is all the information we have for the time being. We are about to leave to go to Democracy Square, where the main protest rally of the day, which has been organized by the trade unions, will be held.

Paraguay: Union Leaders Threaten To Cut Electricity

PY0205161496 Asuncion Radio Nanduti in Spanish 1440 GMT 2 May 96

[Report by Roberto Zimbron from Ciudad del Este]

[FBIS Translated Excerpt] Some minutes ago, technical operators from operations and maintenance at the Itaipu hydro-power plant agreed to suspend the provision of electricity to Paraguay and Brazil if the topmost trade union leaders — Alan Flores, CUT [United Workers Trade Union] secretary general, and Eduardo Ojeda, CNT [National Workers Federation] secretary general — and the score of trade unionists who have been taken

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into custody are not released by noon. Some minutes ago, telegrams were sent to the executive directors of the Itaipu Binational Agency in Asuncion and Brasilia to inform them of this decision. [passage omitted]

It is interesting to point out that before the arrest of the trade union leaders, the general strike had received only a lukewarm endorsement by Itaipu workers. The detention of the trade unionists by the police lit the powder-keg. Having learned about this situation, inhabitants of Alto Parana Department and the Brazilian State of Parana are anxiously awaiting further developments.

Representatives from Sitrande [National Electric Power Administration Workers Union] and the Engineers Trade Union at the Acaray hydro-power plant — which supplies electricity for the entire country — have endorsed this decision. [passage omitted]

Paraguay: Officials, Union Leaders Report on Strike

PY0205195496 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1615 GMT 2 May 96

[From the "24 Hours" newscast hosted by Stella Ruffinelli — live]

[FBIS Translated Excerpt] Jose Rojas is now reporting live from the Plaza de la Democracia to give us an update on the strike:

[Begin recording] [Rojas] A brief lunch break is now being observed here at the Plaza de la Democracia in downtown Asuncion, which has become the rallying point for demonstrators and supporters of the strike and march. In the meantime, the strike organizers are meeting to decide what course of action to take. The rally will be resumed here at 1530, at which time the future actions will be decided.

Gabriel Espinola, leader of the Organization of Paraguayan Education Workers [OTEP], is here with us. Thus far, what percentage of workers do you estimate are observing the strike?

[Espinola] We have information that a high percentage of workers are observing the strike — something like 75 percent by noon today. If considered by sectors, the percentage would be much higher. We trust that this percentage will rise as the day progresses. In fact it will grow. What we might decide here today is that we will ould be marching through the downtown area and surrounding avenues so as to ensure the success of our strike.

[Rojas] What about your sector; what is the status of the strike among teachers?

[Espinola] Well, 95 percent of teachers are now joining the 48-hour general strike. We believe this percentage will be maintained. As a result of police repression, this percentage may even be higher. There is widespread indignation among teachers and other sectors and we expect the strike to pick up momentum.

[Rojas] What is the latest news about the union leaders taken into custody?

[Espinola] Well, we trust that they will be released at once. The latest information is that they ought to be presented before the competent judges and that they will have to be released. If they are not released, the strike may get worse and we are not going to assume responsibility for the reactions that may generate here. [passage omitted] [end recording]

Let us report that both the arrested union leaders and criminal judges Portillo and Ocampos have requested that the workers wait until 1300 before discontinuing water, power, and telephone services. The workers issued this threat right after the arrest of the top leaders of the Paraguayan trade unions. Thus, negotiations are now being held with the administration.

Justice and Labor Vice Minister Elizardo Bobadilla Cataldi gave the early reports from regional labor offices about the level of activities conducted on the first day of the strike. He also released a list of approximately 64 companies that have announced their endorsement of the strike.

According to reports from regional offices, most commercial stores are open in Ciudad del Este and business is normal. Transportation services are also normal. Commercial, transportation, and school activities are also completely normal in Encarnacion. Commercial activities are also normal in Salto del Guaira, and it is claimed that a large number of tourists are visiting the city. [passage omitted]

The report adds that most stores are conducting normal activities in Asuncion. Street peddlers, banking institutions, money exchanges, and the Silvio Pettirossi Airport are operating normally. Bobadilla declined to comment on the acts of violence because he claimed that he was basically not informed about what happened. [passage omitted]

In a news conference held shortly before noon time at the Public Works Ministry, Public Works Minister Gustavo Pedrozo and the heads of state-owned companies in charge of supplying water, telephone, and power services have stated that these essential services will not be discontinued as a result of the workers' strike.

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Although declining to elaborate on ways to assure the public that power services will not be discontinued, Minister Pedrozo said the administration will not allow the suspension of essential services. He said he does not believe anyone may want to sabotage these services.

[Begin recording] [Pedrozo] In fact, I cannot believe a Paraguayan citizen may be willing to sabotage these facilities that belong to the people. Even if this occurred, which we think is unlikely, the administration may set in motion the mechanisms required to guarantee that these basic services are provided to the people. [end recording]

Pedrozo also discussed the situation of buses that were damaged by the demonstrators. He said the administration has no funds to give any compensation to the respective bus companies. He added that it was stated from the very beginning that the administration would guarantee public order and the right to work. He made it clear, however, that this matter falls within the jurisdiction of the Interior Ministry.

Miguel Horacio Gini, president of Antelco [National Telecommunications Administration], reported that 40 percent of Antelco workers is observing the strike nationwide. He said this percentage is low and that, therefore, it may be stated that communication services will continue to be provided normally. [passage omitted]

Paraguay: Agency Communique Guarantees Electricity Supply

PY0205184596 Asuncion Radio Nanduti in Spanish 1750 GMT 2 May 96

[FBIS Translated Text] We have just received a communique from the Itaipu Binational Hydroelectric Agency. It reads as follows:

Concerning information disseminated not long ago, which claimed that trade union leaders threaten to interrupt the supply of electricity to Brazil and Paraguay, the Itaipu Binational Agency wishes inform the public:

1) The interruption of the electricity supply can only be done through an interdepartmental and binational complex technical procedure, considering that the operations and maintenance of the hydroelectric power plant is supported by highly qualified technical personnel in Brazil and Paraguay;

2) Such services are classified as essential and have, therefore, been expressly guaranteed by the Constitution and domestic laws, as well as by agency by-laws and collective bargaining accords signed by the unionized workers.

It is hereby declared that:

1) Any action to interrupt the supply of electricity is illegal. Perpetrators and masterminds are liable to the severest punishments provided for by law since this service is deemed essential;

2) The controls which could interrupt the electric current generated by Itaipu hydroelectric power plant are manned by highly qualified experts who have ample experience in Itaipu and other dams, and are very aware of the tremendous responsibility with which they have been entrusted. They would not jeopardize their professional futures by committing an illegal action.

Paraguay: Interior Minister Holds Conference on Strike

PY0205211696 Asuncion Radio Nanduti in Spanish 1800 GMT 2 May 96

[News conference by Interior Minister Diogenes Martinez with unidentified reporters; place not given — live, in progress]

[FBIS Translated Text] [Martinez] ...Interior Ministry as the organ responsible for internal security. This administration implemented norms of behavior and established rules for the implementation of security policies from the start.

The Ministry has invariably — for the 15 March peasants' march, the 22 March homeless people's march, and the 28 March workers general strike — given precise instructions to the National Police on how to proceed.

This policy emphasizes preventive and defensive police measures to guard the rights of demonstrators and at the same time safeguard third parties' rights and guarantees, the rights of the entire citizenry, and particularly the rights of individuals who do not want to join the mobilization or the strike.

These instructions have never changed. Interior Ministry policies in the area of security have followed the instructions issued by our superiors and remain unchanged. This means the National Police must implement preventive and defensive measures.

[Reporter] Do you believe the repression was justified?

[Martinez] It is not the right time to speak in general terms. We must speak about specifics. You may ask about specific cases when the case is within the jurisdiction of the Interior Ministry. You must be aware that the role of the Interior Ministry is to establish policies. The National Police implements our policies. If you are aware of something that has gone beyond these policies, I will be glad to evaluate it. The organ that implements our policies must explain what happened in each case.

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In this case we are talking about National Police Superintendent General Mario A. Sapriza.

[Reporter] [words indistinct] ...in this case minister?

[Martinez] I have said that we have established a policy. This policy was in effect during the past three demonstrations. We have not changed it. It states that the police must implement preventive and defensive measures.

[Reporter] Do you think what happened on Madame Lynch Avenue was preventive, minister?

[Martinez] I would like you to address that question to Superintendent Sapriza. He is responsible for the application of our policies.

[Reporter] Are you holding Superintendent Sapriza exclusively responsible for this situation?

[Martinez] No. We are responsible for government policies issued through the Interior Ministry. But the police commander must explain how he implemented our policies.

[Reporter] What is your opinion about the way the police implemented your department's policies?

[Martinez] I will receive a report after the strike is over. Then I will evaluate the situation with the president of the Republic.

[Reporter] Will you evaluate what provoked the violence?

[Martinez] I will await the report and then I will evaluate it.

[Reporter] Did you ask the police superintendent to give you any explanation about this situation?

[Martinez] He has not submitted any report. If you want, Sapriza is available to give you all the details and a full explanations.

[Reporter] Do you know why those 15 individuals were detained at the specialized division?

[Martinez] So far Superintendent Sapriza has not submitted any report on the situation. This is why I would like you to discuss this situation with him directly.

[Reporter] Will there be any summary inquiry to evaluate the attitude of policemen who repressed these youngsters?

[Martinez] All records must be analyzed. Regrettably I do not have any information on those cases yet.

[Reporter] But reporters were also injured, minister.

[Martinez] I will be very glad to examine those cases.

[Reporter] When?

[Martinez] When I receive the report. Right now you can take all those questions to Superintendent Sapriza who is in charge of this operation.

[Reporter] Minister, do you know anything about a youngster who was tortured at Police Precinct 12.

[Martinez] Superintendent Sapriza has still not reported to me.

[Reporter] Do you mean there is no direct contact between the national police superintendent and the Interior Ministry. After all, the event in question occurred this morning.

[Martinez] So far, regrettably, I did not receive any report.

[Reporter] Minister, what was the purpose of this news conference?

[Martinez] Specifically to tell you about our instructions in the area of security. Our policies have not changed since I took over this portfolio.

[Reporter] Do you mean the police did not respect government policies?

[Martinez] I will analyze the case when I receive the report on the situation.

[Reporter] Could we then say that the police behaved as it pleased?

[Martinez] I think, I trust, that the police behavior was adjusted to the principles and policies established by the state security organ.

Paraguay: Police Release Arrested Labor Leaders

PY0305030096 Asuncion RPC Television Network in Spanish 0000 GMT 3 May 96

[FBIS Translated Text] We have a last-minute report. The police have just released all labor leaders that were arrested this morning.

Judge Pedro Dario Portillo ordered the release of all labor leaders that were being detained at the specialized police department.

[Begin recording] [Eduardo Ojeda, National Workers Federation secretary general] This resistance of the working class must continue. We are free thanks to the solidarity of our fellow workers and peasants and thanks to all these fellow countrymen who have always supported us.

[Alan Flores, United Workers Trade Union Federation secretary general] I think all of us want to live in democracy. We might agree or disagree on the appropriateness

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of certain measures like a strike, but the Paraguayan people will no longer tolerate the bestiality or brutality that the people who rule the country are obviously carrying from their Stroessnerist [reference to former dictator Alfredo Stroessner] past.

[Unidentified reporter] Will the strike continue?

[Flores] The strike continues, there is no change. [passage omitted]

Paraguay: Presidential Spokesman, Police Chief on Strike

PY0305030696 Asuncion RPC Television Network in Spanish 0000 GMT 3 May 96

[FBIS Translated Excerpt] The official position on the order for the violent repression of the demonstration was explained by Presidential Spokesman Edward Bogado.

[Begin Bogado recording] My basic mission in this question was to elaborate a working policy or a policy for conducting the crisis, but at no time was our intention to produce excesses or a violent confrontation between both groups. As a matter of policy the government gives each department freedom — be it the Ministry of Justice and Labor or the National Police — to efficiently perform their duties within the framework of respect for the legitimate order, in equal conditions, and with total justice. [end recording] [passage omitted]

Police Superintendent General Mario Sapriza admitted that there were excesses. He justified the repression, arguing that the police were incited to react.

In this type of demonstration it is practically impossible to contain the excesses, the police superintendent said, justifying the strong repression with the argument that union members started the confrontation and that the police acted with violence to restore order. Sapriza said the institution has opened an administrative inquiry to determine the responsibility of officers who are charged with beating the youngsters arrested at police precinct 12.

[Begin recording] [Sapriza] The police are fulfilling their constitutional role. There were excesses typical of this type of event. In these cases no one among those involved take a sincere position. We have acted convinced that we were protecting the rights of others and that we were implementing our professional role.

[Unidentified reporter] Was there any need to fire shots on Madame Lynch Avenue, particularly considering that those bullets would eventually hit someone?

[Sapriza] You will not believe me, but the police used their weapons in a way that was impossible to injure anyone.

[Reporter] [Question indistinct]

[Sapriza] We can prevent it. We have ways to prevent it. We will show you. [end recording]

Paraguay: Opposition Parties Considering Alliance

PY0205232396 Asuncion NOTICIAS in Spanish 2 May 96 p 17

[FBIS Translated Text] Domingo Laino, president of the Authentic Radical Liberal Party (PLRA) and Carlos Filizzola, president of the National Encounter Party (PEN) this week indicated that all opposition parties should launch, as soon as possible, official talks with a view to a broad opposition alliance for the upcoming municipal elections, and especially for the general elections slated for 1998.

Laino returned from Bolivia on 30 April and stated that his party is prepared to hold talks with "our beloved fellow countrymen of the PEN, the Febrerista Revolutionary Party, and the Christian Democratic Party, in the quest for an alliance, and to shore up democracy in Paraguay."

Laino added that the administration should be discussed among the parties, as is happening in Bolivia, according to Bolivian President Gonzalo Sanchez de Lozada. The PLRA president advocated building in Paraguay a national democratic safety net like the international safety net that thwarted the recent attempt to break the constitutional order.

Right after taking over as president of the PEN, Filizzola said they are willing to begin official talks with other opposition parties, particularly with the PLRA, and with social organizations, with a view to a broad, participatory, and democratic agreement. He emphasized, however, that he plans to simultaneously strengthen the PEN so that it may bid for the national government which is the main objective of all political organizations.

PEN Vice President Luis Alberto Mauro also stated that official talks with the PLRA should begin as soon as possible.

Peru

Peru: Antidrug Law Said 'Step Backward' for Enforcement

PY0205182196 Lima LA REPUBLICA in Spanish 30 Apr 96 p 13

[By Juan de la Puente]

[FBIS Translated Text] Up to now, the following organizations have been in charge of preventing and

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combating illegal drug trafficking; many of them have never operated, or have met very few times:

1. Commission for the Prevention of Illegal Use of Drugs, [Comision para la Prevencion del Uso Indebido de Drogas] COPUID, under the jurisdiction of the Education Ministry.

2. General Office for the Supervision of Chemical Precursors for Supervised Products [Oficina General de Supervision de Insumos Quimicos de Productos Supervisados], under the jurisdiction of the Industry Ministry.

3. Coordination Department for the Control of Chemical Precursors and Controlled Products [Departamento de Coordinacion para el Control de Insumos Quimicos y Productos Fiscalizados], under the jurisdiction of the Industry Ministry.

4. National Coca Enterprise, ENACO.

5. Drug Control Multisectorial Committee [Comite Multisectorial de Control de Drogas], COMUCOD, under the jurisdiction of the Interior Ministry. It has only met three times since its establishment.

6. Executive Agency for Drug Control, OFECOD, under the jurisdiction of the Interior Ministry.

7. Institute for Alternative Development, IDEA. It has never operated.

8. Internal Operations Front Command, COFI.

9. SUNAD [National Customs Administration Superintendency] Antinarcotics Brigade.

10. National Antidrug Directorate, DINANDRO, under the jurisdiction of the PNP [Peruvian National Police].

11. Upper Huallaga Development Program, PEAH, under the jurisdiction of the Ministry of the Presidency.

12. Upper Huallaga Coca Control and Reduction Agency, CORAH, under the Interior Ministry.

13. Autonomous Authority for Alternative Development, AADA.

Legislative Decree 824 against drug trafficking promulgated by the Executive Branch a few days ago is a step backward regarding the announced implementation of an overall government policy to combat drug production and drug trafficking.

As it is known, the "Fujimori Doctrine" was announced in 1990. It placed emphasis on alternative development and dialogue with coca producers. AADA, headed by Hernando de Soto, was established to that effect.

The structural adjustment and terrorist violence paralyzed all progress.

Repressive policies have not yielded any results. Since the issuance of the General Law on Drugs in 1978, crops have expanded, and there is an alarming increase in drug consumption. The social situation of coca producers has deteriorated, while corruption in police and military institutions has increased.

From the Upper Huallaga, the coca map has extended. Since the end of the 1980's, the coca map has extended from the Central Huallaga, comprising Picota, Mariscal Caceres, Bellavista and Huallaga provinces, to Rioja, Moyobamba, Jaen, Bagua, Lamas, San Martin, Yurimaguas and Padre Abad (Ucayali) provinces.

Several coca circuits have been organized in the last few years in view of repressive tactics, low PBC [cocaine paste] prices and the fusarium oxysporum fungus: To the north of the La Libertad mountain region, in Huamachuco and Santiago de Chuco provinces, and in the townships located on the Maranon River. In the Apurimac River valley, east of La Mar and Huanta provinces; in the central jungle region in Oxapampa and Puerto Inca; and, in general, in the valley formed by the Pichis and Palcazu rivers.

Although previously there were two river basins — Huallaga and Mayo — directly involved in coca production and drug trafficking, these activities have extended to other basins — Maranon, Ucayali, Apurimac, La Convencion and Tambopata — thus affecting 12 of the 25 departments nationwide.

Furthermore, the new law establishes demilitarization of drug enforcement, as the president announced in December.

As it was known in December 1991, the National Defense System Law granted attributions to the Defense Ministry to combat drugs. Later, in July 1992, DL [decree law] 26625 ordered that all government offices involved in combating subversion and drug trafficking would fall under the jurisdiction of the Internal Front Operations Command. Later, Law 26247 specifically empowered the Armed Forces to persecute and arrest those involved in the illegal trading of drugs.

The new antidrug law:

— Establishes the Commission Against the Consumption of Drugs, Contradrogas, which is in charge of designing, coordinating and implementing overall drug prevention programs.

— Establishes that PNP duties are to prevent, investigate, and combat the illegal drug trade. It relieves the Armed Forces from such duties.

— Outlines the duties to be conducted by the FAP [Peruvian Air Force] and the Navy, which will henceforth

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restrict their action to intercepting ships and, later, reporting this to the PNP and the Interior Ministry.

— The eradication of poppy and marijuana plants will be in situ without harming the environment. It does not mention coca leaves.

— Places airports, lake and river ports located in coca-producing areas on a state of alert and entrusts their security to the PNP.

— Orders PNP officers assigned to serve in coca producing regions to submit a financial disclosure statement at the beginning and at the end of their assignment.

— Habeas corpus petitions are not applicable in cases involving people arrested on charges of drug trafficking during their preventive arrest when the attorney general is involved.

— Establishes amnesty and parole for those who supply information and assist in police actions, except for drug kingpins.

— Authorizes the use of "discretionary funds" [remesas controladas] and "undercover agents" for investigation purposes.

Peru: Article Views Change in Poppy Production

PY0205231996 Lima EXPRESO in Spanish 28 Apr 96 p A18

[Article by Cesar Reategui]

[FBIS Summary] Increasing demand for heroin on the international market, especially in the United States, is forcing Colombian traffickers to change their "trade" by increasing the production of poppies.

Actions by National Police agents, who have taken over airfields and river ports in the Amazon region, have rendered some trafficking gangs in the Huallaga basin inactive and brought about a period of uncertainty.

An official of the National Antidrug Directorate, Dinandro, said: "Recent measures implemented by the government, and the massive presence of specialized forces, have created confusion among drug traffickers who either moved away or withdrew."

But the "firms" may be stockpiling, rebuilding, or repairing the 61 clandestine airfields in that region. Intelligence reports state that the traffickers are reportedly repairing clandestine airfields around the Chuntayaco, Biapo Pisque, and Panya Rivers, and using new routes to take the drugs to Ecuador and Colombia. They are now using the dirt roads in the rugged areas of Jaen, Balsas, and San Ignacio near the Ecuadoran border. The same situation prevails in the Putumayo-Amazonas and Ucayali-Aguaytia basins where the police have seized many tonnes of cocaine base being transported in boats.

Some trafficking "firms" have also increased poppy production in the Huallaga and Apurimac-Ene basins. The growing of poppies was headed by Colombian mafias who entered the heroin market in the United States two years ago. Intelligence reports suggest these Colombian mafias "cultivate 15 percent of all poppy plantations in the world and for the last two years have been trying it out in the Peruvian jungle."

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